MGB

VALUE DRIVEN INNOVATION

READY FOR THE **NEXT**

ANNUAL REPORT **2020**

READY FOR THE NEXT

MGB is progressing boldly into a new chapter of growth, anchored on value-driven innovation, proven track record and a continued pipeline of projects.

This year's cover reflects a fresh outlook to mark this new milestone, with the corporate 'M' logotype standing strong in the background as the hallmark of our established strengths.

This design positions our name boldly at the forefront as window of opportunities into forthcoming ventures that await us in the near future.

VALUE DRIVEN INNOVATION

In MGB, we constantly look to bring innovative inspiration that gives our clients the best end result. We believe in efficient innovation that drives to be better, our people that gives us strength to inspire others and our unfailing determination to serve our clients. With multiple professional expertise, we promise to give the future a better tomorrow.

REASON TO BELIEVE

INNOVATION

Driving efficiency by constantly adopting new methods to optimise value, quality, time, resources and processes for better productivity.

PEOPLE

Integrity and solid leadership are core strengths of MGB that fuel value, innovation and inspires human connection that makes a difference.

RELIABILITY

Demonstrated through accountability, product quality, efficiency in project management and overall service experience.

MANIFESTS THROUGH

MGB

MALAYSIAN GENERATIONS BUILDER

Scan this to view our Annual Report 2020.

Our Annual Report, financial and other information about MGB Berhad can also be found at www.mgbgroup.com.my

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OUR VISION

To be a recognised design and build expert setting new standards in creating living spaces to enrich life.

OUR MISSION

To constantly push boundaries and surpass expectations through Quality, Reliability and Innovation.


Kita@Cybersouth


Kita@Cybersouth

BRAND VALUES

PASSION

We believe that passion in the business causes us to self-innovative. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottomline.

CREATIVITY

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt by the end consumer.

CARE

We believe in a working culture that puts people first-people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

Anchored on Value, we are

READY AND SET TO GROW

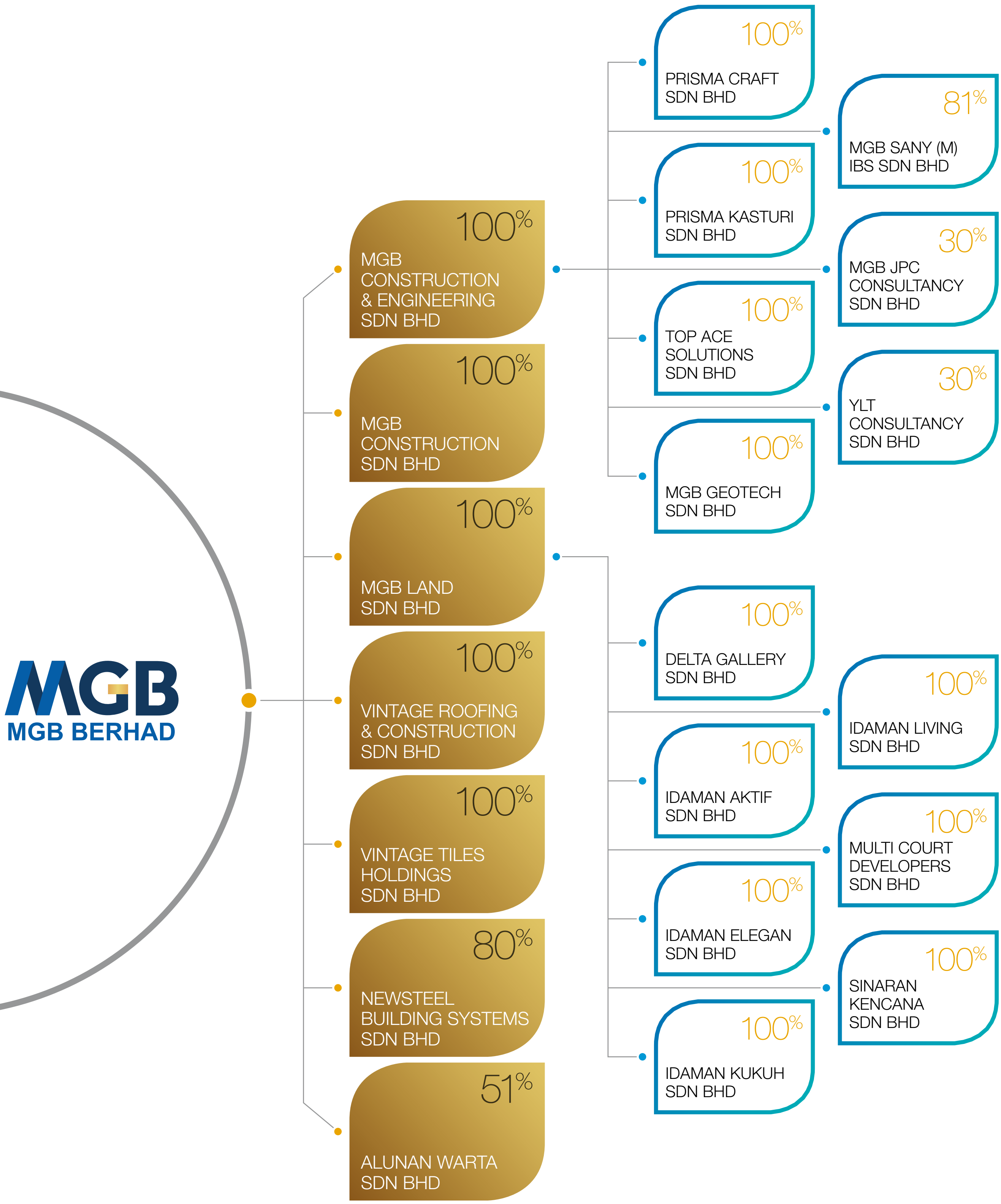
Over 13 years in constructing design and build projects; to general construction for residential, commercial and industrial buildings; as well as infrastructure works.

REVENUE
RM**563.27**
MILLION

COMPLETED OVER
16,000 UNITS
OF PROPERTIES

5 YEARS OF
MOSPHA OSH
EXCELLENCE AWARD

CORPORATE STRUCTURE
AS AT 19 APRIL 2021



CORPORATE INFORMATION
AS AT 19 APRIL 2021

BOARD OF DIRECTORS

DATO' ABDUL MAJIT BIN AHMAD KHAN *DIMP*
Independent Non-Executive Chairman

TAN SRI DATO' SRI LIM HOCK SAN *PSM, SSAP, DSSA, JP*
Group Managing Director

DATUK WIRA LIM HOCK GUAN *DCSM, DMSM, PJK, JP*
Executive Director

DATUK LIM LIT CHEK *DPSM*
Executive Director & Chief Executive Officer

MR LIM KIM HOE
Executive Director & Deputy Chief Executive Officer

MR CHIN SUI YIN
Senior Independent Non-Executive Director

DATO' BEH HANG KONG *DSIS*
Independent Non-Executive Director

PUAN NADHIRAH BINTI ABDUL KARIM
Independent Non-Executive Director

AUDIT COMMITTEE

MR CHIN SUI YIN
Chairman

DATO' ABDUL MAJIT BIN AHMAD KHAN

DATO' BEH HANG KONG

PUAN NADHIRAH BINTI ABDUL KARIM

NOMINATION AND REMUNERATION COMMITTEE

DATO' ABDUL MAJIT BIN AHMAD KHAN
Chairman

MR CHIN SUI YIN

DATO' BEH HANG KONG

RISK MANAGEMENT COMMITTEE

DATUK LIM LIT CHEK
Chairman

MR LIM KIM HOE
MR WONG TACK LEONG
MR CHEW WEE SEONG
MS TAN SUAN SUAN
MR ENG BOON CHOON
MR TOH CHIEW KIAN
MS YEO CHIOU YEAN
MR LEE TEC MINN

COMPANY SECRETARIES

MR CHONG VOON WAH
SSM PC No. 202008001343
(MAICSA 7055003)

MS YEO CHIOU YEAN
SSM PC No. 202008002607
(MAICSA 7058868)

REGISTERED OFFICE

I-6, Sunway PJ@51A
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F +606 797 1614

SALES GALLERY & OFFICES

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43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Hotline : 1700 81 9091
Email : customercarezenopy@mgbgroup.com.my

LAMAN BAYU
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Bandar Putera Indah
Tongkang Pechah
83000 Batu Pahat
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Malaysia
T +607-445 8899
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SHARE REGISTRAR

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Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
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SOLICITORS

Steven Tai, Wong & Partners
Manjit Singh Sachdev, Mohammad Radzi & Partners
Nanthakumar & Co

AUDITOR

Messrs UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
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F +603-2279 3099

PRINCIPAL BANKERS

Public Bank Berhad
AmBank (M) Berhad
OCBC Bank (M) Berhad
United Overseas Bank (M) Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MGB
Stock Code : 7595
Sector : Construction

WEBSITE

www.mgbgroup.com.my

EMAIL

Customer Service: custcare@mgbgroup.com.my

SOCIAL MEDIA

Follow us on: MGB Berhad

DIRECTORS' PROFILES

NATIONALITY | AGE 75 | GENDER

DATE OF APPOINTMENT
1 August 2014

DATO' ABDUL MAJIT BIN AHMAD KHAN
Independent Non-Executive Chairman

Dato' Abdul Majit bin Ahmad Khan ("**Dato' Abdul Majit**") was appointed to the Board as Independent Non-Executive Chairman of the Company on 1 August 2014. He is the Chairman of the Nomination and Remuneration Committee and a Member of Audit Committee of the Company.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from University of Malaya. He served with the government for 34 years and held various positions in the Prime Minister's Department and the Ministry of Foreign Affairs of Malaysia. His positions provided him with wide exposures in various countries that he served at, such as Laos, Vietnam, USA, Nigeria, Ghana, Cote de Ivoire, Sierra Leone and Cameroon, the Democratic People's Republic of Korea and the People's Republic of China.

In his capacity as the Under Secretary of West Asia and the Organisation in Islamic Cooperation ("**OIC**"), he participated in several Ministerial and prime Ministerial visits to West Asian Countries and OIC Meetings. He was the Director General of the Association of Southeast Asian Nations ("**ASEAN**") Division of the Ministry of Foreign Affairs, from 1996 until 1998. As Director General of ASEAN Division, he actively participated in the organisation of the 30th ASEAN Ministerial Meeting held in Kuala Lumpur as well as the ASEAN Heads of Summit and the 10+3 Summit Meetings in Malaysia. In 1998, he was appointed as the Ambassador of Malaysia to the People's Republic of China until his retirement on 2 January 2005.

Currently, Dato' Abdul Majit is the President of the Malaysia-China Friendship Association (position held since 2005), Honorary Chairman of the Malaysia-China Chamber of Commerce and as an Adjunct Professor to the Institute of China Studies, University of Malaya. He is also the co-founder of Zheng He International Peace Foundation based in Washington D.C. In April 2019, he was appointed as the Chairman of the Malaysian Investment Development Authority (MIDA).

Dato' Abdul Majit's other directorships in public companies include Hong Leong Asset Management Berhad, Zecon Berhad and Dutaland Berhad.

He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

TAN SRI DATO' SRI LIM HOCK SAN *JP*

Group Managing Director

NATIONALITY	AGE	GENDER
	63	

DATE OF APPOINTMENT

1 August 2014

Tan Sri Dato' Sri Lim Hock San ("**Tan Sri Dato' Sri Lim**") was appointed to the Board as Non-Independent Non-Executive Director on 1 August 2014. Subsequently, he was re-designated as the Group Managing Director on 5 July 2016.

Upon graduation in 1982 with First Class Honours in Civil Engineering from the University of Wales, UK, Tan Sri Dato' Sri Lim returned to Malaysia to assist in the family business of lorry transportation and construction works. Two decades later, the businesses have expanded into property development, insurance and tourism. On 6 December 2001, he was appointed as the Managing Director of LBS Bina Group Berhad ("**LBGB**"). Tan Sri Dato' Sri Lim was re-designated as Executive Chairman of LBGB on 1 March 2021.

With excellent entrepreneurship, acquired management skills and experienced technical expertise, Tan Sri Dato' Sri Lim became the Key Leader and spearheaded LBGB Group to become one of the leading players in the property development industry.

These outstanding accolades were awarded personally to Tan Sri Dato' Sri Lim:-

i. Second Prize in the British Steel Corporation Competition for Design in Hollow Steel Section, 1982
ii. Recipient of the inaugural Platinum Entrepreneur Award by SMI Association of Malaysia, 2011
iii. Prestigious Entrepreneur of the Year by Asia Pacific Entrepreneurship Awards (APEA), 2012
iv. Malaysia Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014
v. Conferment of World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015
vi. Bestowed with The BrandLaureate Hall of Fame – Lifetime Achievement Brand Icon Leadership Awards by Asia Pacific Brands Foundations, 2015
vii. Global Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2016
viii. Most Affluent Chinese Entrepreneur Awards, 2016
ix. Property Insight Prestigious Developer Awards (PIPDA) - Personality of the Year, 2017
x. Asia Corporate Excellence & Sustainability Awards (ACES) - Outstanding Leader in Asia, 2017
xi. Special Distinguished Award for Promotion of China-ASEAN Relations at the 9th World Chinese Economic Summit (WCES), 2017
xii. Worldwide Excellence Award (WEA) - Person of the Year, 2017
xiii. Queen Victoria Commemorative Medal by The Europe Business Assembly, 2017
xiv. 8th Global Leadership Awards 2018 - Lifetime Achievement Award, 2018
xv. The BrandLaureate Prominent Business Brand Awards: Most Eminent - Prominent Business Brand Leadership Award, 2018
xvi. The BrandLaureate Special Edition World Awards: BrandLaureate World Brandpreneur Hall of Fame - Lifetime Achievement Award, 2018
xvii. FIABCI Malaysia Property Award - Property Man of the Year, 2018
xviii. Des Prix Infinitus Asean Property Award 2019 - Lifetime Achievement, 2019
xix. Property Insight Prestigious Developers Awards (PIPDA) 2019 - Lifetime Achievement Award, 2019
xx. iProperty Development Excellence Awards (iDEA) 2019 - Innovative Leader of the Year, 2019

Being a philanthropist and an active advocate of social and community works, Tan Sri Dato' Sri Lim sits on the board of these organisations:-

1. Chairman, Board of Governors of SMJK Katholik
2. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin
3. Chairman, Selangor/ K.L Lim Clansmen Association
4. President, The Federation of Hokkien Associations Malaysia
5. President, The Federation of Malaysia Lim Associations
6. President, Malaysia-Guangdong Chamber of Investment Promotion
7. Vice President, Fujian Overseas Exchanges Association 6th Council
8. Vice President, The World Lin's Association
9. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way
10. Honorary Life Chairman, Selangor Petaling Business & Industry Association
11. Honorary Chairman, Rumah Berhala Leng Eng Tian
12. Honorary Life President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia
13. Honorary Life President, Persatuan Anxi Selangor Dan W.P. Kuala Lumpur
14. Honorary Life President, Gabungan Persatuan Cina Petaling Jaya, Selangor
15. Honorary President, Malaysia-China Chamber of Commerce
16. Honorary President, Malaysia-China Silk Road Entrepreneurs Association
17. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association
18. Honorary President, Catholic High School Alumni Association
19. Honorary President, Persatuan Penganut Tho Guan Sen
20. Honorary President, Young Malaysians Movement
21. Honorary Life Adviser, The Federation of Chinese Associations Malaysia
22. Honorary Life Adviser, Tan Kah Kee Educational Charity Foundation
23. Honorary Adviser, The Federation of Malaysia Chinese Surname Association
24. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
25. Adviser, Persatuan Ko Chow Sungai Way
26. Adviser, Kelab Sungai Way
27. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan Malaysia
28. Advisory Committee, Malaysia China Mergers & Acquisitions Association
29. Overseas Representative, The 5th Session of The 12th Chinese People's Political Consultative Conference 2017
30. Overseas Representative, Fujian Chinese People's Political Consultative Conference 2015
31. Committee, The 6th China Overseas Exchange Association
32. Committee, China Federation 10th Plenary Session
33. Committee, Fujian Provincial Federation
34. Committee, The 5th China Overseas Friendship Association

Tan Sri Dato' Sri Lim sits on the Board of several subsidiary companies of LBGB Group.

Tan Sri Dato' Sri Lim is the father of Mr Lim Kim Hoe and brother of Datuk Wira Lim Hock Guan, both who are the Executive Directors of the Company. He is a Substantial Shareholder of the Company.

Save as disclosed herein, he does not have any family relationship with any Director and/ or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DIRECTORS' PROFILES

NATIONALITY | AGE 59 | GENDER

DATE OF APPOINTMENT
1 August 2014

DATUK WIRA LIM HOCK GUAN *JP*
Executive Director

Datuk Wira Lim Hock Guan ("**Datuk Wira Lim**") was appointed to the Board as Non-Independent Non-Executive Director of the Company on 1 August 2014. Subsequently, he was re-designated as Executive Director of the Company on 5 July 2016.

Datuk Wira Lim holds a degree in Civil Engineering from the Tennessee Technology University, USA. He started his career as a Civil Engineer upon his graduation.

He has more than 30 years of extensive experience in the field of property development and construction. He was appointed as Executive Director of LBS Bina Group Berhad ("**LBGB**") on 6 December 2001. He was re-designated as Managing Director on 1 March 2021. He is in charge of the LBGB Group's projects and he is one of the major driving forces behind the LBGB Group's successful implementation of the projects in the Klang Valley. Datuk Wira Lim sits on the Board of several subsidiary companies of the LBGB Group. He is the Chairman of Risk Management Committee and Member of ESOS Committee in LBGB.

He is also active in community works and has involved in several non-profit-making organisations. He is the Chairman of Persatuan Hokkien Sungai Way, President of Selangor Petaling Business & Industry Association, Vice President of Malaysia-Guangdong Chamber of Investment Promotion and the Vice President of The Malaysian Chamber of Commerce in Guangdong, People's Republic of China. He is also a qualified sharpshooter from National Riffle Association, Washington D.C.

He is the brother of Tan Sri Dato' Sri Lim Hock San, the Group Managing Director of the Company and a Substantial Shareholder of the Company.

Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

NATIONALITY | AGE 44 | GENDER

DATE OF APPOINTMENT
1 December 2016

DATUK LIM LIT CHEK
Executive Director & Chief Executive Officer

Datuk Lim Lit Chek ("**Datuk Lim**") was appointed to the Board as Executive Director & Chief Executive Officer ("**CEO**") of the Company on 1 December 2016. He is also the Chairman of Risk Management Committee of the Company.

Datuk Lim graduated with a Master's Degree in Engineering Management from the Ivy League's Cornell University in New York. He also holds a First Class Honours Bachelor Degree in Civil Engineering and a Bachelor Degree in Business Administration with the highest distinction from the RMIT University in Melbourne.

His other academic achievements include winning the VICROADS Education Prize, Best Student Award, Golden Key National Honor Society Award, Most Innovative Award in Concrete Design Competition (C.I.A.), all of which in Australia and the Fellowship Merit Award from Cornell University.

As a member of Board of Engineering Malaysia, Datuk Lim has 19 years of experience in the field of property development and construction.

In 2007, he founded MITC Engineering Sdn Bhd (now known as MGB Construction & Engineering Sdn Bhd) and held the position of Managing Director. Under his astute leadership, the business has achieved great milestone.

He is actively involved in Non-Government Organisation. He is currently the President of Petaling Lim Clan Association, Vice President of Malaysia Guangdong Chamber of Investment Promotion (MGCIP), Vice President of Selangor Petaling Business and Industry Association, Vice President of KL-Selangor Anxi Association, Vice President of Selangor Sungai Way Hokkian Association and a member of Mega Chinese Methodist Church.

Datuk Lim is a Substantial Shareholder of the Company.

He does not hold any directorship in other public companies. Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DIRECTORS' PROFILES

NATIONALITY | AGE 36 | GENDER

DATE OF APPOINTMENT
1 August 2014

MR LIM KIM HOE
Executive Director & Deputy Chief Executive Officer

Mr Lim Kim Hoe ("**Mr Lim**") was appointed to the Board as Executive Director of the Company on 1 August 2014. He is also Deputy Chief Executive Officer and a Member of Risk Management Committee of the Company.

Mr Lim graduated with an Honour Degree in Bachelor of Engineering (Civil) from the University of Melbourne, Australia. After graduation, he began his career with LBS Bina Group Berhad ("**LBGB**") where he gained invaluable experience in property management, business development and construction activities. He left LBGB and joined VTI Vintage Berhad (now known as MGB Berhad) as Executive Director in 2014 where he has successfully uplifted the Company from being classified as PN17 company.

Currently through his role as Deputy Chief Executive Officer, Mr Lim plays a significant leadership role in overseeing the Group's business development, property management, design & build and value engineering. He steered and managed the pioneering team of the Industrialised Building Systems (IBS) precast which has completed approximately 4,000 units of properties for the first three years of the production.

Mr Lim is the son of Tan Sri Dato' Sri Lim Hock San, the Group Managing Director of the Company.

He does not hold any directorship in other public companies. Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

NATIONALITY | AGE 58 | GENDER

DATE OF APPOINTMENT
28 November 2007

MR CHIN SUI YIN
Senior Independent Non-Executive Director

Mr Chin Sui Yin ("**Mr Chin**") was appointed to the Board as Executive Director of Company on 28 November 2007 and was re-designated as Non-Independent Non-Executive Director on 9 May 2008. On 14 September 2012, Mr Chin was re-designated as Independent Non-Executive Director of the Company. Subsequently, he was appointed as Senior Independent Non-Executive Director on 31 January 2017. Mr Chin is the Chairman of Audit Committee and a Member of Nomination and Remuneration Committee of the Company.

Mr Chin is an Accountant by profession, a Fellow Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a Member of Malaysian Institute of Accountants (MIA). He started his career with an international accounting firm, KPMG in 1983, handling various audit and non-audit assignments of companies involved in a wide range of business activities. He moved on to commercial sector in 1989 and has more than 30 years of commercial experience working in various industries such as financial institutions, stock exchange, manufacturing and data centre and has held different roles including operations, financial reporting, treasury management, equity dealings, corporate restructuring, risk management and compliance. He was a member of audit committee and risk management committee in a local leading financial institution. Mr Chin has held key leadership and mentorship roles in the many organisations that he has served. He currently provides mentorship and advisory services to a local cloud managed service provider (MSP) which provides local expertise in cloud deployment partnering a few of the global leading cloud service providers (CSP).

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

NATIONALITY | AGE 63 | GENDER

DATE OF APPOINTMENT
16 January 2008

DATO' BEH HANG KONG
Independent Non-Executive Director

Dato' Beh Hang Kong ("**Dato' Beh**") was appointed to the Board as the Managing Director of the Company on 16 January 2008 and was re-designated as Executive Director on 4 July 2016. On 1 February 2019, Dato' Beh was re-designated as Independent Non-Executive Director of the Company, 2 years after being appointed as Non-Independent Non-Executive Director. He is a Member of Audit Committee as well as Nomination and Remuneration Committee of the Company.

Dato' Beh has about 30 years of experience in property investment and development industry. He started his career in 1980 as a reporter with China Press Berhad. In 1985, Dato' Beh established a company involved in marketing of office equipment before he extensively invested into property investments and development. From 1986 to 1990, he served as Municipal Councillor for the Majlis Perbandaran Shah Alam. Currently, he is the Executive Director of Yong Tai Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also the Deputy Board Chairman of China-Malaysia Qinzhou Industrial Park (CMQIP) in Qinzhou, Quangxi, People's Republic of China.

On the Non-Governmental Organisation side, he is a director of Malaysia-China Business Council (MCBC), Chairman of China-Asean Entrepreneur Association (Malaysia) and Deputy Chairman of Malaysia-Guangdong Chamber of Investment and Promotion (MGCIP).

He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

NATIONALITY | AGE 33 | GENDER

DATE OF APPOINTMENT
1 February 2019

PUAN NADHIRAH BINTI ABDUL KARIM
Independent Non-Executive Director

Puan Nadhirah binti Abdul Karim ("**Puan Nadhirah**") was appointed to the Board as Independent Non-Executive Director of the Company on 1 February 2019. She is also a Member of Audit Committee of the Company.

Puan Nadhirah graduated with an Honour Degree in Bachelor of Accountancy from Universiti Teknologi Mara and a Member of Malaysian Institute of Accountants (MIA). She started her career as an auditor upon her graduation. She has 11 years of experiences working in an audit firm which brought her a wealth of experience from auditing, financial reporting practices and processes, taxation matters and corporate advisory which involved the field in manufacturing, trading, retail and consulting services.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEY MANAGEMENT'S PROFILES

KEY MANAGEMENT

DATUK LIM LIT CHEK*
Executive Director &
Chief Executive Officer

MR LIM KIM HOE^
Executive Director &
Deputy Chief Executive Officer

MR WONG TACK LEONG
Deputy Chief Executive Officer

MR CHEW WEE SEONG
Chief Operating Officer

MS TAN SUAN SUAN
Head of Department
Accounts & Finance Department

MS LEE KAR YEN
Head of Department
Contract Department

MR KWOK KONG WEI
General Manager
Project Department

MR ENG BOON CHOON
General Manager
Project Department

MR WONG TACK LEONG
Deputy Chief Executive Officer

NATIONALITY	AGE	GENDER
	49	

Mr Wong Tack Leong ("**Mr Wong**") was appointed as Deputy Chief Executive Officer of the Company on 1 December 2016. He oversees the operational functions including administration, construction and project management, contract administration as well as monitoring the financial performance of the Group. He is also a Member of Risk Management Committee of the Company.

He holds a Bachelor of Building (Quantity Surveying) from University of South Australia. He is also a Member of Australia Institute of Quantity Surveyors, an Associate Member of the Malaysian Institute of Arbitrators and Institute of Value Management Malaysia.

He joined MITC Engineering Sdn Bhd (now known as MGB Construction & Engineering Sdn Bhd) ("**MGBCE**") as a General Manager in 2007 and was later promoted as Executive Director of MGBCE.

Prior to joining the Company, he worked as an associate Quantity Surveyor Consultant in construction industry. He has over 25 years of experience in various aspects of construction sector particularly in relation to building and infrastructure projects as well as oil and gas related fields. He has wide range of knowledge and actively involved in pre and post building contract implementation, EPCC contract, costing and feasibility studies.

He is the Deacon Chairman of Mega Subang Chinese Methodist Church as well as member of other charitable and non-profit-making organisations.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR TOH CHIEW KIAN
Head of Department
Human Resource, Admin & IT Department

MS YONG SHEW MOOI
Head of Department
Treasury & Purchasing Department

MS YEO CHIOU YEAN
Head of Department
Secretarial, Corporate Affairs &
Risk Management Department

MR LAU CHEE TAT
Chief Executive Officer
MGB SANY (M) IBS Sdn Bhd

MS ENG GEOK TIN
General Manager
MGB SANY (M) IBS Sdn Bhd

MR CHAN AH SOON
Senior General Manager
MGB Geotech Sdn Bhd

* *For details of Datuk Lim Lit Chek's profile, please refer to page 11 of this Annual Report.*

^ *For details of Mr Lim Kim Hoe's profile, please refer to page 12 of this Annual Report.*

MR CHEW WEE SEONG
Chief Operating Officer

NATIONALITY	AGE	GENDER
	50	

Mr Chew Wee Seong ("**Mr Chew**") was re-designated as Chief Operating Officer ("**COO**") of the Company on 1 December 2016. Currently, he is responsible for the Group's corporate functions including Accounts & Finance, Treasury, Legal, Secretarial, Corporate Affairs & Risk Management as well as Credit & Property Management Department. He is also a Member of Risk Management Committee of the Company.

He is a Bachelor of Finance graduate of St. Cloud State University in the United States. He is also a MBA (Merit) graduate from the prestigious Cardiff Metropolitan University in Cardiff, United Kingdom. In addition, he is a professional property manager registered and licensed by the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP) to carry out professional property management practice under the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 (as amended) (Act 242).

Mr Chew served as Head of Credit Administration Department with a leading local bank. For more than five (5) years of working experience in the banking and finance industry, he gained extensive experience in areas such as credit processing, marketing, credit control and review, security and risk management and consumer banking operations. His previous experience also provided him with training in marketing, financial management and planning skills.

Mr Chew joined LBS Bina Group Berhad ("**LBGB**") Group in August 2000. He gained a vast experience in property development. Over the years with LBGB Group, he has held several portfolios including customer service, maintenance, sales and marketing, credit administration and property management for projects of LBGB Group.

He was appointed as the Chief Executive Officer ("**CEO**") of the Company from August 2014 to November 2016, before he was re-designated as COO of the Company. During his tenure as CEO of the Company, he oversaw the corporate function of the Group, as well as the day-to-day operation of both construction and manufacturing. He has successfully turned around the Company from a loss making to profitable entity and also successfully uplifted the Company from being classified as PN17.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEY MANAGEMENT'S PROFILES

MS TAN SUAN SUAN

Head of Department
Accounts & Finance Department

NATIONALITY	AGE	GENDER
	38	

Ms Tan Suan Suan ("**Ms Tan**") was appointed as Head of Department of Accounts & Finance of the Company on 1 January 2018. Ms Tan is responsible to lead and oversee the entire accounting and finance functions of the Group, which include statutory reporting and banking and finance matters. She is also a Member of Risk Management Committee of the Company.

Ms Tan graduated with Bachelor of Commerce majoring in Account & Finance from University of Queensland, Australia. She is a member of Malaysian Institute of Accountants (MIA), Certified Practicing Accountants (CPA), Australia and registered secretary under Companies Commission of Malaysia.

Ms Tan began her career with Messrs. Ernst & Young ("**EY**") in 2005. Throughout the years with EY, she has accumulated vast experience in audit and advisory services and audited listed entities from various sectors including property development, construction, manufacturing, concessionaire and food and beverages.

Prior to joining the Company, she was the Senior Manager of Account & Finance Department of Kerjaya Prospek Group Berhad ("**KPGB**") reporting to the Managing Director. Apart from overseeing accounting and finance functions, she was the key representative for any corporate exercises. During her tenure with KPGB, she has involved in a corporate restructuring exercise and successfully completed a major merger and acquisition and private placement of shares. Besides, she was also responsible for investors relation and analyst briefing matters.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS LEE KAR YEN

Head of Department
Contract Department

NATIONALITY	AGE	GENDER
	43	

Ms Lee Kar Yen ("**Ms Lee**") was appointed as Head of Department of Contract Department on 1 January 2018. She is involved in all pre and post contracts of projects and oversees the administration of Contract Department of the Company.

Ms Lee graduated with Bachelor of Science majoring in Construction Management from University Science Malaysia. She started her career in year 2000 and has more than 21 years of experience in the field of building contract administration and quantity surveying.

Prior to her current position, she joined MITC Engineering Sdn Bhd (now known as MGB Construction & Engineering Sdn Bhd) as the Contract Manager where she led the department in managing and supervising full range of pre and post contract activities, including tenders, budgets, estimations, claims and payment certification.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR KWOK KONG WEI
General Manager
Project Department

NATIONALITY	AGE	GENDER
	48	

Mr Kwok Kong Wei ("**Mr Kwok**") was appointed as the General Manager, Project Department on 1 January 2019. He is responsible for overall planning, implementation and construction of the Group's projects particularly in Klang Valley and Pahang. He is also the key liaison personnel between the Company and various authorities for construction related approval. Additionally, he monitors the Work Done progress of construction, Stage Completion Claim, Plant & Machinery, Maintenance and construction technical related matters for all the Group's projects.

He started his career in construction industry in 1997 and since then, he has accumulated 24 years of experience. Over the years, he had been involved extensively in the development and construction of various projects such as bridges construction, pilling and foundation works, highland resort, high-rise and landed residential projects.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR ENG BOON CHOON
General Manager
Project Department

NATIONALITY	AGE	GENDER
	42	

Mr Eng Boon Choon ("**Mr Eng**") was appointed as the General Manager, Project Department on 1 January 2019. He is responsible for overall planning, implementation and construction of the Group's projects particularly in Klang Valley as well as in Johor and Pahang. He is also the key person responsible to lead and oversee the implementation of project management software arising from the digital transformation embarked by the Group. Additionally, he monitors the Quality Assurance & Quality Control (QA&QC), Health, Safety & Environmental, Preliminary Costing, Material Control List and General Worker matters for all the Group's projects.

He graduated from Sarjana Institute with an Advanced Diploma in Business Management in 1999 and Master's Degree in Corporate Management from Open University Malaysia in 2016. He has 17 years of experience in the field of property development and construction.

Prior to joining the Group in 2017, he held the Project Manager position in local property development and construction-based companies and had been involved extensively in the development and construction of various projects particularly in high-rise residential projects.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEY MANAGEMENT'S PROFILES

MR TOH CHIEW KIAN

Head of Department
Human Resource, Admin & IT Department

NATIONALITY	AGE	GENDER
	47	

Mr Toh Chiew Kian ("**Mr Toh**") was appointed as Head of Department, HR, Admin & IT on 1 April 2015. He is responsible to lead HR, Admin and IT department in organisational development, recruitment, employee engagement, performance & rewards management and Admin & IT related operation.

Mr Toh holds a Master of Science in Engineering Business Management from University of Warwick and Diploma in Technology (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College. He is also a graduate from the Federation of Malaysian Manufacturers' (FMM) SHO Certificate program and Faith International University (Tacoma, USA) on the Certificate of Leadership.

Mr Toh held various positions in the subsidiaries companies within the OYL Berhad Group from 1996 to 2015. He started his career as Project, Sales and Service Engineer with York Malaysia Sales & Services Sdn Bhd in 1996. He was being transferred to the manufacturing plant OYL Condair Industries Sdn Bhd as Industrial Engineering Engineer in charge of the factory productivity, machinery & quality improvement programmes. He was promoted to head Environmental, Safety and Health (ESH), taking charge of the five (5) factories within the OYL Group of companies in Selangor. Being the ESH Manager, he has successfully implemented various Safety, Health & Environment Management System including certification of the ISO 14001 and OHSAS 18001 Management system. In his last position as Training and Development Manager in OYL Group, he was responsible for the development of the talent management such as being in charge with the Young Engineer and Manager Program, which includes but not limited to the implementation of technical and soft skills training for the employees.

Prior to joining the Company, he was the General Manager of F&B Department, responsible for setting up the outlets of a well-known dessert chain in Klang Valley inclusive of design, built, commission and operation matters.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS YONG SHEW MOOI

Head of Department
Treasury & Purchasing Department

NATIONALITY	AGE	GENDER
	50	

Ms Yong Shew Mooi ("**Ms Yong**") was appointed as Head of Department Treasury & Purchasing on 1 January 2019. She is responsible for the Group's cashflow and working capital management. She is also responsible for ongoing management of purchasing strategy and activity, ensuring optimal supplier performance and price, maintaining strategic supplier relationships as well as monitoring the logistics of the materials purchased.

Ms Yong graduated with a Master of Business Administration from University of Sunshine Coast and is a Holder of Association of Chartered Certified Accountants (UK). She is a Fellow of the Association of Chartered Certified Accountants (UK) and also a Member of the Malaysian Institute of Accountants (MIA).

Ms Yong started her career by joining a local plastic packaging manufacturing company in 1997 and was in the position as Financial Controller when she left the company in 2011. Subsequently, she joined a software company and held the position of Finance Manager cum Director until March 2013. She joined VTI Vintage Berhad (now known as MGB Berhad) in April 2013 and responsible for the Group's accounting & reporting, finance and administration.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS YEO CHIOU YEAN

Head of Department
Secretarial, Corporate Affairs & Risk Management Department

NATIONALITY	AGE	GENDER
	39	

Ms Yeo Chiou Yean ("**Ms Yeo**") was appointed as Head of Department of Secretarial, Corporate Affairs & Risk Management on 19 August 2019. Subsequently, she was appointed as the Joint Company Secretary of Company on 17 February 2020.

She graduated with Advance Diploma in Commerce (Business Management) from Tunku Abdul Rahman College. She is an Associate Member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

Ms Yeo has more than 15 years' experience in corporate secretarial practice. She started her career with established and reputable secretarial firms from 2004 to 2009 providing a wide array of corporate secretarial services to private companies and public listed groups. From 2010 until 2013, she was attached to the corporate secretarial department of a listed property development group in Malaysia. Subsequently, she joined the corporate secretarial department of Eco World Development Group Berhad in 2014. In October 2016, she was transferred to Eco World International Berhad ("**EcoWorld International**") to lead the newly established secretarial department and was involved with the IPO exercise of EcoWorld International. She left EcoWorld International in May 2019 prior joining the Company.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR LAU CHEE TAT

Chief Executive Officer
MGB SANY (M) IBS Sdn Bhd

NATIONALITY	AGE	GENDER
	48	

Mr Lau Chee Tat ("**Mr Lau**") was appointed as Chief Executive Officer of MGB SANY (M) IBS Sdn Bhd on 1 July 2020. He is responsible for overseeing the Industrialised Building System (IBS) precast products manufacturing operations.

He graduated with Bachelors of Computer Science (Hons) from the University Science of Malaysia in 1997. He has over 20 years of experience in business development and held senior management positions and most notably in the tele-communication and IT industry where he accumulated a wealth of experience in both local and international in the aspect of business development.

Prior to his current position, Mr Lau joined MITC Engineering Sdn Bhd (now known as MGB Construction & Engineering Sdn Bhd), a subsidiary of the Company in 2017 as the General Manager of Business Development. He was then promoted to the position of General Manager of MGB SANY (M) IBS Sdn Bhd where he successfully set up two (2) manufacturing plants with total annual production capacity of approximately 4,000 units of properties.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

KEY MANAGEMENT'S PROFILES

MS ENG GEOK TIN

General Manager
MGB SANY (M) IBS Sdn Bhd

NATIONALITY	AGE	GENDER
	53	

Ms Eng Geok Tin ("**Ms Eng**") was appointed as General Manager of MGB SANY (M) IBS Sdn Bhd on 15 July 2019. Currently, she is responsible for leading the Company's Industrialised Building System ("**IBS**") precast concrete manufacturing plant in Alam Perdana, Selangor and Nilai, Negeri Sembilan.

She graduated with a Diploma in Cost Accounting from Systematic College in year 1988. She started her career in year 1988 in metal stamping manufacturing under electric and electronic industry for 15 years and held various senior management positions such as Senior Customer Service and Purchasing Manager. She then continued her career path under automotive industry and served as a Senior Purchasing and Operation Manager for 12 years.

Prior to joining the Company, she was attached to Tan Chong International Singapore Group as Deputy General Manager and based in Nanjing, People's Republic of China for three (3) years. She was the key person responsible for the overall operations such as planning, monitoring and managing the production, product quality and customer service. She was also responsible to ensure the manufacturing process and procedures uphold with ISO standard by maintaining sound and effective Quality Management System (QMS) as well as a Quality Management Representative (QMR).

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR CHAN AH SOON

Senior General Manager
MGB Geotech Sdn Bhd

NATIONALITY	AGE	GENDER
	60	

Mr Chan Ah Soon ("**Mr Chan**") was appointed as the General Manager, Project Department on 1 January 2019 and concurrently holds the position of Senior General Manager of MGB Geotech Sdn Bhd, a subsidiary of the Company.

Currently, he is responsible for overall planning, implementation and construction of the Group's projects particularly projects in Klang Valley as well as overseeing the piling construction and foundation works.

He graduated with BTEC Higher National Diploma in Civil Engineering Studies from the University of South Bank, London. He started his career in 1987 and has 34 years of experience in the field of construction.

Prior to joining the Company, he held senior management positions in local construction-based companies and had been involved extensively in the development and construction of various projects. He has spearheaded a myriad of projects, *inter alia*, clinker plant, polymer latex plant, sun power plant, water treatment plant, bridges construction, piling and foundation works as well as highland resort and specialises in high-rise residential projects.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Once the leaders have determined the path to success, it is the management team that determines the objectives, sets the goals and harnesses experience and expertise to lay the path with the greatest efficiency.

GROUP'S FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER	2016* (RM'000)	2017 (RM'000)	2018 (RM'000)	2019 (RM'000)	2020 (RM'000)
Revenue	92,533	692,644	751,271	756,146	**563,274**
Profit Before Tax	1,811	50,119	45,849	20,905	**22,694**
Profit After Tax and Non-controlling Interests	62	34,491	30,409	12,481	**13,584**
Share Capital	268,698	383,282	385,803	388,186	**388,186**
Equity Attributable to Owners of The Parent	335,501	407,824	442,532	456,713	**470,663**
Net Tangible Assets	73,754	149,802	183,850	200,190	**215,621**
Basic Earnings per share (sen)	0.06	9.01	6.49	2.71	**2.78**
Gross Dividend per share (sen)	-	-	-	-	**-**
Net Assets per share (sen)	93.87	82.92	89.06	91.04	**93.82**
Net Tangible Assets per share (sen)	20.64	30.46	37.00	39.91	**42.98**
Total Assets	637,959	816,632	1,042,189	968,580	**963,414**
Total Borrowings	38,807	106,416	231,639	159,375	**175,396**
Net Gearing Ratio	0.09	0.20	0.48	0.28	**0.22**
Market Capitalisation	296,638	870,567	347,821	326,074	**300,992**

* *The figures have not been restated following the adoption of MFRS 9 - Financial Instruments.*

FINANCIAL CALENDAR

Financial Year Ended 31 December 2020

First Quarter ended 31 March 2020
26 JUNE 2020

Second Quarter ended 30 June 2020
25 AUGUST 2020

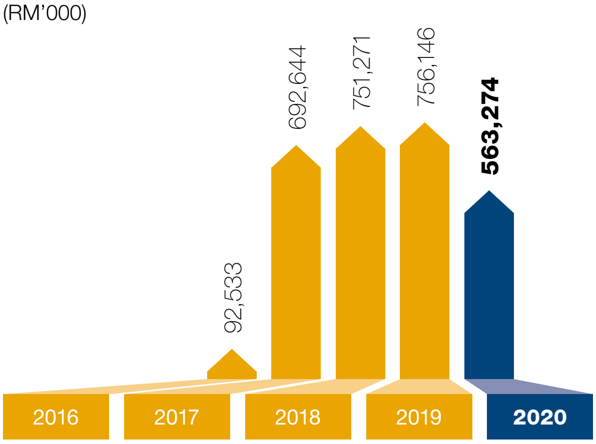
Third Quarter ended 30 September 2020
24 NOVEMBER 2020

Fourth Quarter ended 31 December 2020
23 FEBRUARY 2021

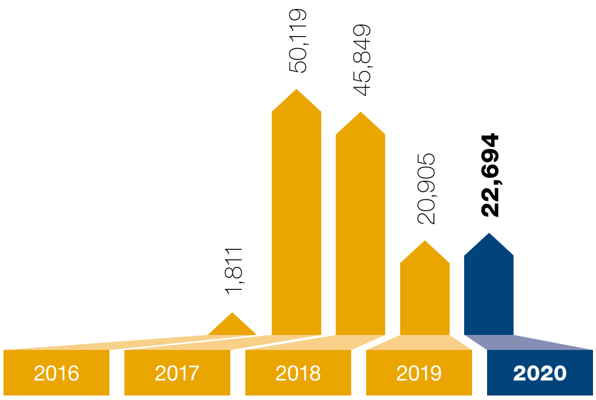
Publishing of Annual Report
17 MAY 2021

19th Annual General Meeting
15 JUNE 2021

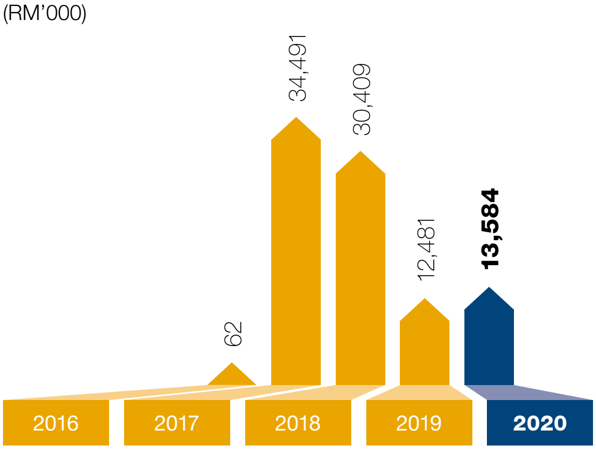
REVENUE
(RM'000)



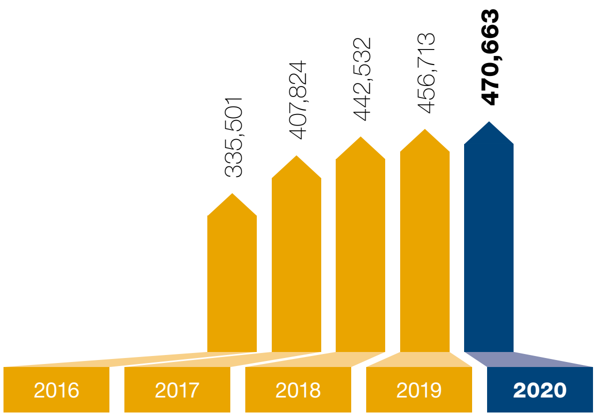
PROFIT BEFORE TAX
(RM'000)



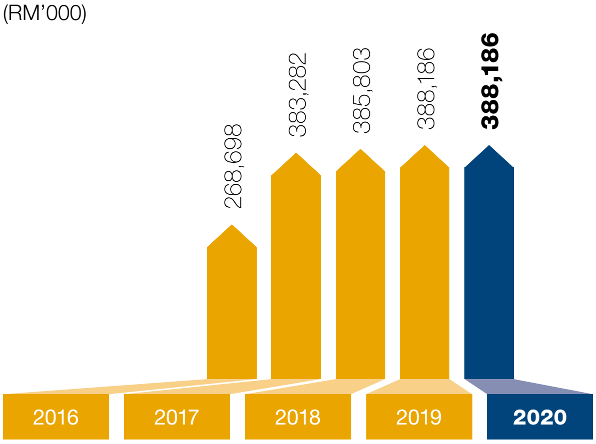
PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS
(RM'000)



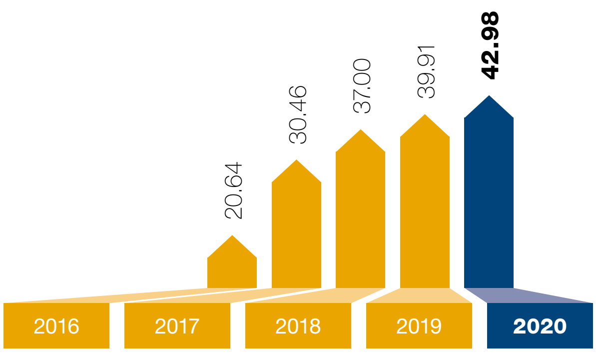
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



SHARE CAPITAL
(RM'000)



NET TANGIBLE ASSETS PER SHARE
(SEN)



CHAIRMAN'S STATEMENT

"Since 2007, MGB Berhad ("MGB" or "the Company") has built more than 16,000 units of properties in Malaysia. Today, we have an outstanding order book of approximately RM2.03 billion. On behalf of the Board of Directors, it is my pleasure to present to you our Annual Report for the financial year ended 31 December 2020 ("FY2020")."

COMPLETED

4 PROJECTS IN FY2020

- **ZENOPY RESIDENCES (SERVICED APARTMENTS)**
- **SIMFONI PERDANA**
- **IRAMA PERDANA**
- **SCAPES HOTEL @ MIDHILLS**

DATO' ABDUL MAJIT BIN AHMAD KHAN
Independent Non-Executive Chairman

READY FOR THE NEXT

Having built firm foundations of capabilities, expertise and repute, fortified by our recent digital transformation exercise, MGB is ready to overcome challenges and surpass expectations. Poised and ready to grow value, the theme 'Ready for the Next' captures our achievement of a continuous pipeline of projects as we enter another busy year. In particular, a focus on building affordable houses as part of the Rumah Selangorku Idaman ("**Rumah Idaman**") project, which entails developing and building 7,210 units in Klang Valley such as Shah Alam, Bandar Saujana Putra, Dengkil, Puncak Alam and Puchong; in line with the Selangor State Government's initiative to boost the construction of affordable housing in Selangor. After a year of pandemic disruptions, this project represents the assurance of steadfast sustainable growth for the next few years.

GROUP PERFORMANCE HIGHLIGHTS

The COVID-19 pandemic disrupted economies globally, and the construction industry in Malaysia was not spared. As a result of temporary closures of sites and offices from March 2020 to May 2020 during the national Movement Control Orders ("**MCO**") to curb the spread of infections, MGB and its subsidiaries ("**the Group**") recorded a Revenue decrease of 25.51% in 2020, bringing in RM563.27 million in financial year ("**FY**") 2020 compared to FY2019's RM756.15 million.

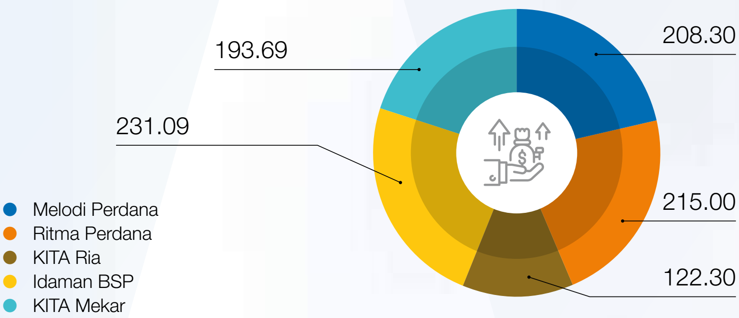
Despite the dip in Revenue, Profit After Tax ("**PAT**") improved marginally from RM12.48 million in FY2019 to RM13.58 million in FY2020. This was due mainly to the Group's efforts in cost rationalisation to cushion against the adverse conditions caused by the pandemic. MGB tapped on relevant support packages applicable to our business that were rolled out under the *PRIHATIN* Economic Stimulus Package, such as wages subsidy, levy discount and others. The continuous reduction in Overnight Policy Rate ("**OPR**") initiated by Bank Negara Malaysia also led to comparatively cheaper funding cost in FY2020. All the above aid measures directly translated into cost savings for the Group and correspondingly enhanced profits. The Group had also managed its cash flow prudently during this challenging period to ensure that there were no defaults in statutory and financing commitments; and at the same time maintained timely payments to our subcontractors and suppliers to ensure smooth work flow and supplies.

The Group also embarked on "e" initiatives or digitalisation towards realising greater operational efficiencies. These have garnered various benefits. For example, the utilisation of online banking platforms for bulk transactions has led to savings in bank charges, reduced carbon footprint and shorter processing time as opposed to conventional cheque issuances and clearance. The full implementation of the project management software has enabled the Management and project teams to plan, manage and control project changes with greater ease and efficiency to minimise wastages.

During the financial year under review, our construction arm successfully completed and handed over four (4) projects namely Zenopy Residences (Serviced Apartments), Simfoni Perdana, Irama Perdana in Klang Valley and SCAPES Hotel @ Midhills in Pahang.

As at 31 December 2020, the Group was awarded construction contracts amounting to RM970.38 million, which contributed to an outstanding order book of RM1.78 billion.

Contract Awarded in FY2020 (RM'million)



For Rumah Idaman projects, the Group has since been awarded three (3) construction contracts worth RM673.90 million located at Bandar Saujana Putra, Dengkil and Puncak Alam to build a total of 3,396 affordable units.

On the property development front, we are delighted to share that the Group has delivered vacant possession of 398 units of Zenopy Residences (Serviced Apartments) in December 2020 and as for 134 units of Laman Bayu Phase 1, the vacant possession is in the progress.

Our Industrialised Building System ("**IBS**") manufacturing plant has had a busy year too, delivering a total of 1,638 units of properties for our Cybersouth projects during the year under review. These comprised 674 units of KITA Harmoni homes and 964 units of KITA Impian homes. Currently, the plants are able to produce a range of pre-cast products including walls, staircases, hollow core slabs, full slabs, columns and beams.

COMMITMENT TO OUR STAKEHOLDERS

Another key challenge during this period was engaging with key stakeholders to ensure smooth business continuity. As material prices increased during the year, MGB had to proactively negotiate with our traders and suppliers in ensuring the best price without compromising the quality. This required constant engagement and relationship building efforts that will ensure improved networking going forward.

CHAIRMAN'S STATEMENT

Engagement with our employees was also enhanced in order to better serve our partners and customers. Having invested in digital capabilities, MGB was well positioned to leverage on digital channels to effectively communicate with our office staff who worked remotely during MCO and in rotation during the conditional MCO period. In addition, the Company implemented performance appraisal engagements in FY2020 to assess employee career development as a tool towards greater in-house talent management.

On the customer front, the launch of a software application as a platform for Zenopy Residences homeowners to lodge reports on housing defects has enabled an effective and fast feedback channel in uplifting customer experience.

Throughout the disruptive year, our Investor Relations team also continued to engage with various fund managers and analysts to update on the Company's operations and financial information. A total of seven (7) meetings were held during the year to ensure full and transparent disclosures on Company's performance and corporate on-goings.

Last but not least, for our shareholders, on 23 February 2021, the Board has approved the Company's Dividend Policy to declare and pay a minimum dividend of 20% of the Company's Profit After Taxation based on ordinary operations profits for the financial year. This is part of our continuous effort to retain our shareholders and show our appreciation for their support towards MGB's growth.

FORTIFYING GOVERNANCE & SUSTAINABILITY

During the year, the MGB Group has made strides in elevating governance, integrity and business sustainability. Towards enhanced governance, these included revisions to its Whistleblowing Policy, and the adoption of Anti-Bribery and Corruption Policy as well as the External Auditors Policy. These have all been made available at corporate website for easy reference by all our stakeholders.

A silver lining of the pandemic is that it has highlighted the value of technology-readiness. For MGB, technology has proved to be an effective tool to transition our operations amid the recurring disruptions, and a strategic platform to explore new avenues for business continuity and resilience. New sustainability initiatives in technology that will have an impact on business in the long term include an intensified focus on product improvement for IBS production. Having our own IBS manufacturing plants located in Alam Perdana and Nilai, MGB stands strong with the capacity to produce up to 4,000 units of properties annually.

The continuous deployment of the project management software to track the progress of on-going construction work effectively is also worthy of mention. Beyond the benefit of real time progress updates, this is also an environmentally sustainable paperless initiative. Another environmental initiative introduced was the pioneering initiative to install solar panels at workers' quarters located at Alam Perdana, Selangor. The initiative is a step towards greater energy and cost conservation while enhancing the facilities of on-site quarters.

Beyond employee welfare, MGB is committed to also enhance the safety and health of our employees as these are key drivers to a sustainable future. Towards this end, MGB Group has successfully upgraded our ISO 18001:2007 to ISO 45001:2018 (Occupational Health and Safety Management System). As for our IBS manufacturing segment, we are proud to be certified ISO 9001:2015 Quality Management System to further showcase our commitment to remain strong in the construction industry in Malaysia.

Another step forward was the involvement of our employees during inspections (e.g. pre-inspection for Certificate of Practical Completion) at construction sites prior to the handing over to the customers. This is to ensure that we consistently deliver excellent quality products to our customers.

We are also proud to note that our wholly owned subsidiary, MGB Construction & Engineering Sdn Bhd once again won the 16th MOSPHA OSH Excellence Award 2020 Platinum Diamond for OSH Management on Construction of High Rise in FY2020. It is an award that our subsidiary has won for five (5) consecutive years.

LOOKING AHEAD TO 2021

The property market is widely expected to start recovering in 2021, on the back of a more positive outlook for the economy. According to Bank Negara Malaysia's 2020 Economic and Monetary Review, global economy is expected to continue its gradual and uneven recovery path from the second half of 2020. Global growth prospects will continue to be shaped by developments surrounding COVID-19 pandemic, particularly the rollout of vaccines, ongoing structural shifts in the economy and the extent of scarring in labour markets.


SkyLake Residence

Cameron Centrum

The Malaysian economy is projected to rebound to between 6.0% and 7.5% in 2021. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. The growth trajectory will be mainly influenced by COVID-19 developments, particularly the extent and duration of containment measures and the rollout of vaccines. Labour market conditions are expected to improve gradually as broad economic activity picks up, along with the ongoing policy support in place to facilitate labour mobility and minimise long-term dislocations or scarring in the labour market. In addition, policy measures remain in place to support the growth momentum while still assisting the vulnerable segments. These include the extension of measures introduced in 2020, the 2021 Budget as well as the *PERMAI* and *PEMERKASA* assistance packages. For businesses, special grants, wage subsidies and the Targeted Relief and Recovery Facility are extended to firms in the service sector, which is the hardest-hit sector. The continued accommodativeness of monetary policy and supportive financing conditions will further maintain a conducive environment for a recovery in domestic demand as the adverse impact from the COVID-19 crisis gradually subsides. The vaccine being distributed to the public will bring welcome relief on this front which will further determine buyer behaviour in 2021.

The increased focus on affordable housing for the B40 segment and reintroduction of the Home Ownership Campaign ("**HOC**"), a government initiated campaign that boosted the market in 2019, has been widely seen as an important lifebuoy for the industry.

Anchored on strengths such as experienced management team, established IBS manufacturing plants, digital capabilities, dedicated workforce and a track record of completing more than 16,000 units of properties since 2007; MGB is poised and ready to embark on a new chapter of growth within this environment. The Rumah Idaman project continues to progress smoothly. To date, MGB has signed several agreements with land owners to build 3,814 units of Rumah Idaman and has been awarded 3,396 units by our holding company, LBS Bina Group Berhad. The affordable houses will use MGB's in-house IBS pre-cast technology.

We expect to achieve strong revenue and earnings growth over the next two (2) years at least, backed by this affordable homes project, given the strategic location, good accessibility to surrounding amenities and attractive pricing. MGB's expertise on this front has also garnered the Company a signed consortium agreement with the state government agency, whereby MGB will continuously collaborate with state government agency to develop Rumah Idaman projects in future.

Moving forward, we are optimistic that the construction sector will post an earnings recovery in 2021 following the government's plans to pump-prime the economy. The infrastructure undertakings listed in Budget 2021 will boost the confidence of investors when they consider investing in Malaysia. MGB is committed to actively participate in tenders for all relevant upcoming government projects.

APPRECIATION

The global impact of the COVID-19 pandemic has been a lesson in resilience for the Group. It has shown us the value of teamwork, loyalty and strong leadership. I take this opportunity to express the Group's deep appreciation to the government, public officials and frontliners who provided timely support and continue to guide the nation through this unprecedented event.

The Board and I are also thankful to MGB's dedicated team of management and employees for their undaunted spirit in the face of the year's challenges. Their hard work and resilience have paved the way forward towards achieving MGB's vision. Our appreciation also goes to our extended family of shareholders, customers, regulators and government authorities, business associates, bankers and fund managers, as well as organisations with whom we collaborate with; for their continuous confidence and support.

Finally, I would like to express my gratitude to my sterling Board members whose wise counsel and vast knowledge keep the Group scaling new heights. Barring unforeseen circumstances, the Board remains optimistic on our prospects moving forward, supported by the Group's sustainable business strategies.

The Group looks forward to a dynamic 2021, underpinned by growth, recovery and sustainability.

DATO' ABDUL MAJIT BIN AHMAD KHAN
Independent Non-Executive Chairman

AWARDS & RECOGNITION

16th MOSHPA OSH Excellence Award 2020 - Platinum Diamond Award

15th MOSHPA OSH Excellence Award 2019 - Platinum Premier Award

Malaysian Construction Industry Development Board (CIDB) License - Grade 7

Quality Management System ISO 9001:2015 (MGB Construction & Engineering Sdn Bhd)

Quality Management System ISO 9001:2015 (MGB SANY (M) IBS Sdn Bhd)

14th MOSHPA OSH Excellence Award 2018 - Platinum Award

13th MOSHPA OSH Excellence Award 2017 - Gold Platinum Award

12th MOSHPA OSH Excellence Award 2016 - Gold Award

Environmental Management System ISO 14001:2015 (MGB Construction & Engineering Sdn Bhd)

Occupational Health and Safety Management System ISO 45001:2018 (MGB Construction & Engineering Sdn Bhd)

Driven by Innovation,
we are

READY TO SURPASS OUR GOALS

DIGITALISATION: OPTIMISING VALUE, TIME, QUALITY, PROCESSES AND RESOURCES FOR BETTER PRODUCTIVITY

IBS PRODUCTION CAPABILITY PER YEAR
4,000 UNITS OF PROPERTIES

ISO 9001:2015 QUALITY MANAGEMENT SYSTEM
ISO 14001:2015 ENVIRONMENTAL MANAGEMENT SYSTEM
ISO 45001:2018 OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

MANAGEMENT DISCUSSION AND ANALYSIS

The information in this Management Discussion and Analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in the future.

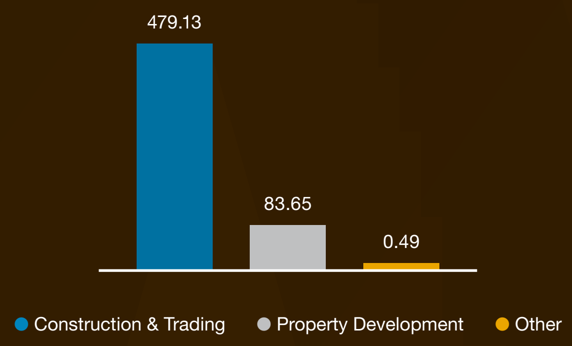
OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

MGB Group is an established construction player with a strong track record of more than 13 years in constructing design and build projects to general construction for residential, commercial and industrial buildings as well as infrastructure works. As at 30 April 2021, MGB Group has successfully completed over 16,000 units of properties, particularly in affordable homes.

The Group via its wholly owned subsidiary, MGB Construction & Engineering Sdn. Bhd. ("**MGBCE**") continues to enhance its capabilities as a 'Design and Build' expert through providing a complete range of services from the initial planning and design stages right up to the final stages of operations and management. In 2017, the Group further expanded its construction value chain to include other synergistic businesses such as foundation and geotechnical engineering services as well as manufacturing of precast concrete products to further enhance the Group's service offerings and elevate our total solution capabilities to the next level.

REVENUE BY DIVISION

(RM'million)



TOTAL REVENUE STOOD AT RM 563.27 million

PROFIT/(LOSS) BEFORE TAX BY DIVISION

(RM'million)

TOTAL PBT STOOD AT RM 22.70 million

Guided by the leadership of Tan Sri Dato' Sri Lim Hock San, the Group Managing Director, and Datuk Lim Lit Chek, Executive Director and Chief Executive Officer of the Company, MGB also re-strategised its business plan to expand into areas which are complementary to its construction business and began its venture into the property development sector in 2017.

Today, MGB Group is a comprehensive and fully-integrated construction and development company providing a full range of design, construction and development services including design and build, project management, civil engineering, value engineering, geotechnical specialisation and manufacturing of Industrialised Building System ("**IBS**") precast concrete products.

TAN SRI DATO' SRI LIM HOCK SAN
Group Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

OUR PRESENCE

Construction
(On-Going Key Projects)

KL & SELANGOR
Alam Perdana
Bandar Saujana Putra
Bukit Jalil
Cybersouth
Puchong

JOHOR
Batu Pahat

PAHANG
Cameron Highlands
Genting Highlands

IBS Precast Concrete
Manufacturing

SELANGOR
Alam Perdana

NEGERI SEMBILAN
Nilai

Property Development

SELANGOR
Seri Kembangan

JOHOR
Batu Pahat

AT A GLANCE

AS AT 31 DECEMBER 2020

Market Capitalisation:
RM **300.99** million

Key Business Activity:
Construction

Outstanding Order Book:
RM **1.78** billion

Amount of Contract Secured:
RM **970.38** million

Total Number of Employee:
> **300**

Revenue:
RM **563.27** million

Profit Before Tax:
RM **22.70** million

Profit After Tax:
RM **13.58** million

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE REVIEW

During the year under review, the operation of our construction sites and IBS manufacturing plants were temporarily halted due to Movement Control Order ("**MCO**") and Conditional MCO. As a result, the Group had a 25.51% decrease in Revenue, recording RM563.27 million for the financial year ended 31 December 2020 ("**FY2020**") as opposed to RM756.15 million recorded in FY2019. The construction and trading businesses contributed 85.06% of the overall Revenue, followed by property development's 14.85%.

Despite the dip in Revenue, Profit After Tax ("**PAT**") has marginally improved from RM12.48 million in FY2019 to RM13.58 million in FY2020. The improved result derived mainly from the great affords that the Group has undertaken in cost rationalisation to cushion the adverse hit caused by the pandemic. Rigorous cost control on administrative expenses and also best practices cultivated on energy saving and environmentally friendly among employees have then reduced in energy consumption and carbon foot printing. These good practices have converted into immediate cost saving which had led to the overall reduction in administrative and other operating expenses by approximately RM1.19 million, from RM52.31 million in FY2019 to RM51.12 million in FY2020.

Total Revenue By Division	FY2020 (RM)	FY2019 (RM)
Construction & Trading	479.13 million	631.02 million
Property Development	83.65 million	122.6 million
Other	0.49 million	2.53 million
Total	**563.27 million**	**756.15 million**

Total Profit/(Loss) Before Taxation By Division	FY2020 (RM)	FY2019 (RM)
Construction & Trading	10.27 million	14.89 million
Property Development	14.63 million	11.46 million
Other	(2.20 million)	(5.44 million)
Total	**22.70 million**	**20.91 million**

Notwithstanding that, Management has taken pro-active approach to negotiate with financial institutions on existing banking facilities in order to achieve the best funding mix. The continuous reduction in Overnight Policy Rate ("**OPR**") initiated by Bank Negara Malaysia ("**BNM**") had also led to comparatively cheaper funding cost in FY2020 evidenced by the reduction in total finance cost of approximately RM2.37 million or 24.38%.

Zenopy Residences

MGB's net gearing has also dropped to 0.22 indicating robust financial management that has stayed resilient through difficult times. The Group operates within clearly define guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions. MGB manages its operating cash flow cautiously to ensure that there is no significant mismatch of cash inflow and cash outflow at all times.

This, together with a robust pipeline of secured projects going forward has determined the MGB Group's dividend policy going forward. The Board has approved the adoption of a dividend policy of minimum 20% of the Company's PAT based on ordinary operation profits back to the shareholders.

DATUK LIM LIT CHEK
Executive Director & Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

TOTAL ASSETS 2020

RM963.41 million

TOTAL LIABILITIES 2020

RM492.06 million

Total Assets

Total assets in FY2020 decreased marginally by RM5.17 million or 0.53% to RM963.41 million from RM968.58 million in FY2019. Major movement in assets of the Group is detailed as follows:

1) The Group has divested its investment properties and capital work in progress and completed the deal for asset held of sales amounted to RM31.88 million cumulatively. The value of the non-core assets has successfully being unlocked and realised in order to channel the resources into the core business which is construction.

2) Decrease in trade receivables of approximately RM20.69 million as projects were at their tail end with lesser work-done and also timely collection from customers.

3) Increase in cash and bank balances of approximately RM36.97 million subsequent to the collection from home buyers after delivery of vacant possession of the maiden project Zenopy Residences.

Total Liabilities

Total liabilities in FY2020 decreased by RM18.75 million or 3.67% to RM492.06 million from RM510.81 million in FY2019. Major movement in liabilities of the Group is detailed as follows:

1) Decrease in trade payables of approximately RM45.22 million due to lower billings as a result of the disruptions caused by MCO and Conditional MCO.

2) Overall loan and borrowings increased by approximately RM18.97 million whereby total drawdown and repayment of loans was detailed as follows:

   - The drawdown of loans of approximately RM267.47 million were recorded during the year. The drawdown of loans mainly to finance the progress billing of identified projects which are short term in nature, i.e. 120 days.

   - Total repayment of loans of approximately RM239.93 million recorded during the year. Amongst others, two (2) major term loans have been settled early which amounted to approximately RM24.04 million.

Capital Structure and Resources

As at 31 December 2020, the cash at banks stood at RM70.07 million, representing an increase of RM36.97 million from RM33.10 million. The enhancement of the Group's cash positions mainly due to collection from home buyers of the maiden project, Zenopy Residences. Net gearing has also improved from 0.28 to 0.22.

In FY2020, the Group relying on debts funding to support its operation. The followings were facilities secured during the year:

Facilities	Limit	Purpose
Contract Financing	RM50.0 million	Working Capital – Project Specific
Revolving Credit	RM20.3 million	Working Capital – General
Term Loan	RM11.76 million	Working Capital – General

Financial Risk and Mitigation Plans

The way ahead brims with opportunities for the Group but is also paved with uncertainties and potential risks. These include:

- **Interest rate risks**
  Fluctuation in interest rates due to OPR policies by BNM will impact on the finance charges to be borne by the company.

- **Liquidated Ascertained Damages (LAD) risks**
  Risks of incurring damages due to construction project delays especially if a lockdown is implemented and business operations have to cease.

- **Price risks**
  Uncertainties on the pace and progress of vaccination would affect economic recovery and supply and demand patterns of key commodities. This could potentially increase costs of key construction materials and put the pressure on margins.

- **Market risks**
  BNM's decision to maintain or cut OPR would impact an input on house buyers' decisions. There is also a chance that higher non-performing loans could prompt banks to be more selective and stringent in lending policies, affecting demand for properties.

In addressing these risks and uncertainties, MGB's mitigation plan is outlined as follows:

- Constantly review the existing borrowing portfolio to maintain a healthy matrix between fix and floating rates facilities to mitigate the impact of interest fluctuation.

- To embark on digital marketing initiatives, catalyse interactions and promote projects with customers via online social media platform such as Facebook.

- Focus on cost optimisation in order to drive down operating costs.

- Explore bulk orders or lock in quantity to prevent material price increase, diversify sourcing and remain poised in readiness to substitute alternatives with equivalent quality.

PERFORMANCE REVIEW

The year 2020 saw the unravelling of the COVID-19 global crisis that presented significant challenges not only to our operations, but also the overall market sentiment. In spite of all the challenges, MGB is pleased to report that we have been able to drive resilience within the organisation and avoided major adverse impacts from the pandemic. On top of that, the Group undertook various initiatives to improve our cost structure for greater operational efficiencies and to ensure that we are able to weather any further storms that may come our way. These initiatives have successfully and substantially reduced our overhead costs and improved business margins.

Driven by our vision and mission, MGB has built several pillars of strengths that anchor us on sustainable growth. During the year, our team of experienced managers has navigated the Group ably through unprecedented challenges. Our investments in technology and IBS product design, quality and capability have fortified business continuity within an environment of new norms. We are able to provide comprehensive services from design to project management and achieve maximum cost saving, making us ideal partners for the building of affordable homes. To this end, we are fortunate to be part of the consortium selected by the Selangor state government for the Rumah Selangorku Idaman ("**Rumah Idaman**") project which will drive our growth prospects through the next few years.

Centralised Labour Quarter at Alam Perdana

Strong and Ready

The first MCO imposed in March 2020 affected our site operations for more than two (2) months. Thankfully, construction was one of the first sectors in our nation's economy to reopen, due to the efforts of the Ministry of Works in collaboration with Construction Industry Development Board ("**CIDB**"), and Ministry of International Trade and Industry ("**MITI**"), who devised the standard operating procedures ("**SOPs**") that enabled the sector to operate safely, protect its workers and reduce the risk of spreading the infection. Having fulfilled several criteria set by MITI and with the Centralised Labour Quarters built in Alam Perdana, Selangor; MGB ranked among the first contractors able to commence site operations. Our use of IBS precast and IBS formwork on site allowed us to meet the project deadline with less foreign workers on site to comply with the SOPs.

MANAGEMENT DISCUSSION AND ANALYSIS

Ready for Opportunities

Another challenge during the year was the poor property market sentiments in Malaysia due to the economic slowdown during the COVID-19 pandemic. This created uncertainties in many private property projects. However, stability and demand remained solid in certain government driven projects, especially in the area of affordable homes. MGB's repute in completing our first high rise projects using IBS precast in Cybersouth has highlighted our experience, technical capabilities and improved technology to build affordable houses.

In FY2020, the Selangor state government made a concerted effort to help the *rakyat* own their own homes and its holistic incentives are set to improve the economic environment of the property development industry to grow and benefit first time home buyers.

In 2019 and 2020, MGB announced our collaboration with the Selangor state government on developing and building Rumah Idaman with our in-house IBS pre-cast technology. These affordable houses target home buyers who are working or staying in Selangor and first-time home buyers who are above 18 years old with household income of less than RM10,000, with the attractive proposition of a high rise residential property with three bedrooms, two bathrooms and two car park bays, starting from RM250,000, and located strategically with good accessibility to within Shah Alam, Bandar Saujana Putra, Dengkil, Puncak Alam and Puchong.

We look forward to deliver this project to the *rakyat* within budget and schedule. Thanks to the award of this project, our outstanding order book currently stands at RM2.03 billion which is expected to achieve strong revenue and earnings growth over the next two (2) to three (3) years. The project is off to a good start as on 29 January 2021, MMKN has approved our application to convert and build 1,853 and 513 Rumah Idaman units for the Idaman Cahaya and Idaman Sari developments respectively.

Ready for the New Normal

The construction industry is under scrutiny as work resumes under the various MCOs being implemented. Adherence to SOPs set out to maintain operations, keep workers safe and sites open are vital to ensure business continuity. Errant contractors risk their sites being shut down, most likely for an extended period.

At MGB, we are mindful of our responsibilities and are exploring ways to improve the productivity of the employees on their day-to-day operation within this new normal. With this pandemic, working from home has been implemented for various departments and we continue to explore online meetings and work platforms so that productivity is optimised. An internal Care Group has been established to organise various activities that help maintain a strong relationship between our management and employees.

Corresponding to the Government's directives and SOPs set by the Ministry of Health ("**MOH**"), all subsidiaries within the MGB group have taken precautionary measures to safeguard the wellbeing of our customers, employees and other stakeholders against the COVID-19 virus. The workplace had been installed the necessary equipment and sanitisers for new norm protocols in 2020 and we continue to invest in sanitisation measures from time to time. We have established robust protocols and awareness management, allowed for flexible work arrangements, and continue to enforce new norms for employees and visitors.

As we continue to grow, the Group is cognisant of our responsibility to continuously improve the way we do business and ensure we subscribe to industry best practices. In that regard, we are proudly certified in the following: 1. ISO 9001:2015 Quality Management System 2. ISO 14001:2015 Environmental Management System 3. ISO 45001:2018 Occupational Health and Safety Management System. We have also enhanced the group's governance commitment by revising the Whistleblowing Policy and approving the Anti-Bribery and Corruption Policy and External Auditors Policy during the financial year.

CONSTRUCTION & TRADING DIVISION

MGB has a good standing in the construction industry and is able to leverage on government projects being a registered contractor with Pusat Khidmat Kontraktor ("**PKK**") and the Construction Industry Development Board ("**CIDB**") with a G7 classification.

The construction activities gathered momentum in the second half of the year after the easing of the various phases of the movement control order imposed by the government. All projects were able to resume and caught up on the backlogs caused by more than two (2) months of closed of operation during the MCO. This resulted in a stronger performance in the second half of the financial year, with second half revenue rising over 60% higher against the first half; and at par with the second half of FY2019's revenue.

All in all, for FY2020, the Construction & Trading division continued to bring in the highest revenue contribution to the Group. Revenue fell to RM479.13 million from RM631.02 million in FY2019. Profit Before Tax ("**PBT**") also decreased from RM14.89 million to RM10.27 million in FY2019.

The Group successfully completed the following four (4) projects during the year, with a total contract value of RM401.42 million:-

Project	Type of Property & No. of units	Completion Date	Contract Value
Irama Perdana at Puncak Alam, Selangor	Double Storey Terrace House 673 units	February 2020	RM131.04 million
Simfoni Perdana at Puncak Alam, Selangor	Townhouse 980 units	March 2020	RM139.5 million
Zenopy Residences (Serviced Apartments) at Seri Kembangan, Selangor	Service Apartment 398 units	August 2020	RM93.48 million
SCAPES Hotel @ Midhills at Genting Highlands, Pahang	Hotel 186 units	November 2020	RM37.4 million

As at 31 December 2020, the Group's outstanding order book stands at RM1.78 billion.

We are also proud to note that our wholly owned subsidiary, MGBCE once again won the 16th MOSPHA OSH Excellence Award 2020 Platinum Diamond for OSH Management on Construction of High Rise in FY2020. It is an award that our subsidiary has won for five (5) consecutive years.

IBS manufacturing

The manufacturing of IBS precast concrete components has been MGB's core strength in recent years especially since our capabilities have expanded with the launch of our new IBS permanent plant in Nilai, Negeri Sembilan. Together with our mobile plant's operation in Alam Perdana, MGB, through our subsidiary MGB SANY (M) IBS Sdn Bhd, now has the capacity to produce up to 4,000 units of properties per year.

Since the inception of the production in FY2018, we are pleased to delivered a total of 3,962 units of properties using IBS Precast Concrete, details are as follows:

Projects	Total Units
Irama Perdana	673
Rentak Perdana	856
KITA Bayu (Townhouse)	416
KITA Bayu (Double Storey Terrace House)	379
KITA Harmoni	674
KITA Impian	964


Mercu Jalil

Piling and Foundation Activities

Due to internal restructuring for operational efficiency, Piling and Foundation activities which were previously under MGB Geotech Sdn Bhd ("**MGBGT**") has been transferred to MGBCE, a wholly owned subsidiary involving in construction operations. Thus, MGBGT has changed the nature of business to rental and leasing of construction machine and equipment.

MANAGEMENT DISCUSSION AND ANALYSIS

Laman Bayu @ Batu Pahat

PROPERTY DEVELOPMENT DIVISION

On the property development front, the Group continued to enjoy progressive sales of Laman Bayu Phase 1 & 2, as well as unlocking and realising the delivery of Zenopy Residences.

The property development division registered a revenue of RM83.65 million and PBT of RM14.63 million in FY2020 as compared to RM122.60 million and RM11.46 million respectively in FY2019, representing the highest contribution to the Group's profits for 2020.

It was a difficult year as the property market was challenged by poor consumer sentiments arising from weak macro and micro economic environment. The division worked to enhance promotional activities coupled with multiple incentives such as attractive rebates, lucky draws and prizes while leveraging on the government's from Home Ownership Campaign ("**HOC**") to attract buyers to its offerings.

The hard work paid off as the division achieved good sales of existing projects. At our Laman Bayu development in Johor, all 134 units of Phase 1 (100%) and 230 units of Phase 2 (99%) have been sold as at April 2021. Vacant possession of the Phase 1 has been delayed due to the MCO in 2020 and is now expected to be completed by May 2021.

The division also achieved 99% sales of Zenopy Residences (serviced apartment) project. Out of the total 398 units, 396 service apartments met their handover vacant possession target in December 2020.

MGB IS READY FOR THE NEXT!

- Have our own IBS manufacturing plants located in Alam Perdana and Nilai, with the capacity to produce up to 4,000 units of properties annually.
- Signed several agreements with land owners to build 3,814 units of Rumah Idaman and awarded 3,396 more units by our holding company, LBS Bina Group Bhd.
- With the signed consortium agreement with the state government agency, MGB will continuously collaborate with state government agency to develop Rumah Idaman projects in future.
- Led by an experienced management team and completed more than 16,000 units of properties since 2007.

MITIGATING RISKS AT MGB

Identifying and managing risks is central to sustainable business operations. During the year under review, MGB's relied on our established Enterprise Risk Management Framework which is benchmarked against the guidance issued by Committee of Sponsoring Organisation of the Treadway Commission ("**COSO**") and ISO 31000 – Risk Management Principles and Guidelines. Key risks for the Group and current mitigation action plans are disclosed in the table below:

Risk Factor	Context	Mitigation Plans
Competition within the construction industry	The Group derives earnings mainly from the construction and trading division, which is contract-driven. MGB faces direct competition from existing companies as well as new entrants in the construction industry. Often, these companies would offer aggressive pricing that would affect the Group's competitiveness and profit margin. In addition, the prolonged slowdown and oversupply in the property market also increases the competition for construction contracts.	• Proactively seek new initiatives to drive operational efficiencies and strategic sourcing of construction materials. • Explore ways to reduce cost and material wastage such as utilising in-house IBS pre-cast products. • Provide training to workers on new technology in order to increase internal efficiency and provide optimum solutions to customers and partners.

Risk Factor	Context	Mitigation Plans
Single Customer Risk	All of the contracts in FY2020 were awarded by our immediate holding company, LBS Bina Group Berhad.	• Participate in external tendering of projects to diversify revenue sources. • Establishment of consortium with PNSB Construction Sdn Bhd, a State Government agency to develop Rumah Idaman projects.
Price increase in key construction materials	Fluctuation in raw material prices, labour cost and currency rates will affect the profit margins of our construction business.	• Practice efficient cost management by negotiating with suppliers on bulk purchase to secure better pricing and terms. • Diversify supplier base for essential raw materials. • Source local suppliers to avoid unnecessary foreign currency exchange fluctuation. • Continuously deploy project management software to monitor efficient usage of materials.

ADVANCING INTO 2021

In early 2021, resurgent COVID-19 infections in the country continue to create uncertainties for the construction and property industry. However, BNM states that a more positive outlook is supported by a recovery in global demand, and turnaround in public and private sector expenditure amidst continued support from policy measures. Demand remains strong despite cautious consumer sentiments, and the current climate of historically low interest rates, low house prices and rich incentives introduced by the government presents attractive property opportunities for those on good financial footing.

The government's focus on the continuation of mega projects under Budget 2021 is expected to create a positive spill-over effect on the overall property market, creating new real estate and investment opportunities. The government has introduced measures under the *PENJANA* and *PRIHATIN* economic recovery programmes as well as Budget 2021 to help the property market. However, job and income security remain key concerns moving forward as the full impact of COVID-19 continues to be measured. The vaccine available to the public will bring welcome relief on this front which will further determine buyer behaviour in 2021.

Government driven property projects

The reintroduction of the government initiated HOC that boosted the market in 2019, has been widely seen as an important lifebuoy for the industry throughout 2020. Exemptions on stamp duty on instruments of transfer and loan financing limits of above 70%, being made available to the public until May 2021 will largely benefit first-time homebuyers to own a property.

This indicates good growth prospects for the Rumah Idaman affordable home project and MGB is looking forward to build 7,210 units of Rumah Idaman located at Shah Alam, Bandar Saujana Putra, Dengkil, Puncak Alam and Puchong by utilising our in-house pre-cast technology. Going forward, we will be continuously seeking opportunities to secure more contracts to build Rumah Idaman by leveraging on our expertise and cost efficiency. We will also be on the lookout to actively participate in other tenders for government projects.

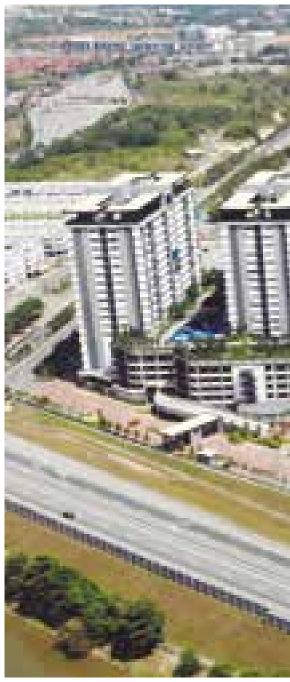
Increased Innovation & Digital Solutions

One positive outcome of a pandemic-challenged property industry is increased innovation and a greater focus on digital solutions. Out of necessity, 2020 saw a marked rise in digitalisation initiatives by key property players who have accelerated their capacity to market products and engage with buyers via online platforms. This trend is expected to grow in 2021 and beyond. For businesses, technology has proved to be an effective tool to transition their operations amid the recurring disruptions, and a strategic platform to explore new avenues for business continuity or even survival.

MGB has been agile and responsive in harnessing technology. We have adopted new digital technologies, switched to online marketing platforms and reduced over-reliance on traditional onsite marketing activities.

It was a year of transition to new ways of doing things and there is no looking back. Operating in the new normal, safe operations are critical. Leveraging on our management expertise, IBS capabilities and innovative digital marketing, MGB is ready for a dynamic year and sustainable future.

OUR FEATURED PROJECTS TRACK RECORD




Zenopy Residences


Irama Perdana


Midhills @ Genting Permai


Balvia @ D' Island Residence


M3 Mall @ Taman Melati


PPAM, Bandar Akademi @ Kulai


Residensi TNB @ Habu, Cameron Highlands

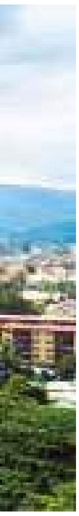

BSP SkyPark @ Bandar Saujana Putra


BSP21 @ Bandar Saujana Putra


Corallia @ D' Island Residence


Taman Tasik Puchong Industrial Park,
3 Storey Bungalow Factory

Barrington Square @ Cameron Golden Hills




Taman Tasik Puchong Industrial Park,
1½ Storey Semi-D Factory


Arcadia @ Bandar Puncak Alam


Simfoni Perdana


Nautilus @ D'Island Residence


Somer Square @ Cameron Golden Hills

Through Passion and Care, we are **READY FOR A SUSTAINABLE FUTURE**

GOVERNANCE:
IMPROVED WHISTLEBLOWING POLICY, AND ADOPTED ANTI BRIBERY AND CORRUPTION POLICY & EXTERNAL AUDITORS POLICY

ECONOMIC:
DIGITAL TRANSFORMATION TO IMPROVE REAL TIME MONITORING AND CONTROL

ENVIRONMENTAL:
15.15% REDUCTION ON TOTAL ENERGY CONSUMPTION AT OUR HQ COMPARED TO FY2019

SOCIAL:
PLATINUM DIAMOND AWARD UNDER THE CATEGORY OF OSH MANAGEMENT CONSTRUCTION OF HIGH RISE

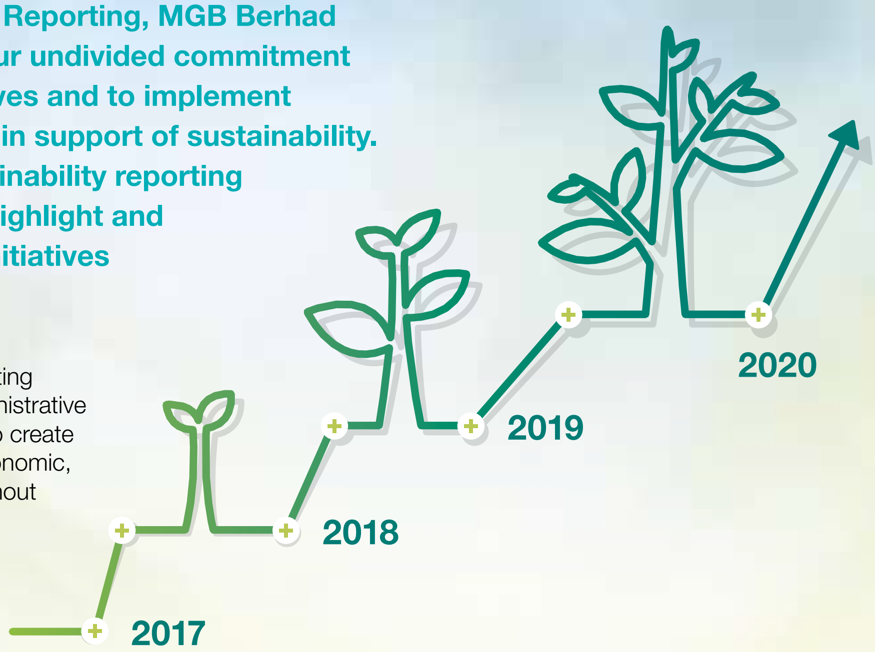
SUSTAINABILITY REPORT

ABOUT THIS REPORT

GRI 102-46, 102-50, 102-51, 102-52, 102-53

In its fourth year of Sustainability Reporting, MGB Berhad ("MGB") proudly demonstrates our undivided commitment to drive our sustainability objectives and to implement practices within the organisation in support of sustainability. Since 2017, the adoption of sustainability reporting has been rewarding as far as to highlight and keep track of key sustainability initiatives across MGB.

This report highlights our approach in integrating sustainability within our operational and administrative procedures, policies and structure. We aim to create value for the business' stakeholders from economic, environmental and social standpoints throughout our endeavour in achieving sustainability.



OUR REPORTING APPROACH

This report has been prepared in reference to the Global Reporting Initiative ("**GRI**") Standards and in compliance with Bursa Malaysia Securities Berhad's Sustainability Reporting Requirements. With the guidance from the GRI standards, this report covers the following key reporting principles:

Stakeholder Inclusiveness
Capturing our stakeholders' expectations and concerns

Sustainability Context
Presenting our performance in the wider context of sustainability

Materiality
Identifying and prioritising the key sustainability issues that our Group encounters

Completeness
Reporting all sustainability topics that are relevant to our Group and influence our stakeholders

The material references are based on the GRI Sustainability Reporting Standards 2016 edition and are as stated below:

- GRI 201 Economic Performance
- GRI 204 Procurement Practices
- GRI 302 Energy
- GRI 307 Environmental Compliance
- GRI 403 Occupational Health and Safety
- GRI 404 Training and Education

Please refer to page 57 of this report for MGB Berhad's Materiality Matrix

SCOPE AND BOUNDARIES

This report comprises the sustainability performance and progress of MGB's operations at its headquarters in Petaling Jaya, Selangor and our activities in the business segment of construction, building material manufacturing and property development throughout Peninsular Malaysia. This report is published annually and covers the financial year period from 1 January 2020 to 31 December 2020, unless otherwise stated.

Overall, the material sustainability matters covered in this report are from the following:

- All sustainability-related activities of MGB
- Group's operations (e.g. offices, project sites etc.)
- Quantitative and qualitative results for the indicators of the reporting year

The information and figures included in this report refer to the entire operations of MGB including the subsidiaries over which the Group has direct control and holds a majority stake. It does not include the Group's associate companies and parties within the value chain which comprises third party contractors, suppliers and vendors.

References to 'MGB', 'the Company', 'the Group' and 'we' refer to MGB Berhad and its subsidiaries.

FEEDBACK

We value our stakeholders' feedback to continuously improve our reporting and sustainability practices.
You may contact:

Ms Yeo Chiou Yean
Sustainability Committee

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Jalan SS9A/19, Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia

"Sustainability is the crux of MGB Berhad's business processes and operations. Continuing strong, after four (4) years of fruitful sustainability initiatives and practices, we strive to ensure that sustainability aspects are now integrated into our business strategies and implemented fully."

SUSTAINABILITY COMMITTEE CHAIRMAN'S MESSAGE

GRI 102-14

Due to the COVID-19 pandemic, many organisations have to adapt and operate in unprecedented conditions where government restricted movements and commercial activities to minimise the spread of COVID-19. The needs and mindsets of our stakeholders are advancing to a future where sustainability may contribute to long-term value of economic, environmental and social achievements. Despite this, MGB has remained resilient and has managed to maintain our sustainability performance and it is with great pleasure that I share with you, MGB Berhad's 2020 Sustainability Report.

MR LIM KIM HOE
Chairman of Sustainability Committee

SUSTAINABILITY REPORT

GOVERNANCE

Sustainability governance is the foundation of our practices and operations. Since we embarked on the sustainability journey, MGB's Sustainability Committee has been actively reviewing and monitoring sustainability initiatives to ensure alignment with our business goals. With that, we also diligently ensure that the Company's conduct is in line with the Malaysian Code of Corporate Governance, Bursa Malaysia Securities Berhad's Listing Requirements, Securities Commission Act, Companies Act 2016 and other local laws.

ECONOMIC

In view of the perspective of economic, MGB remains committed to supporting the local economy and upholding the interest of stakeholders. For FY2020, we continued to harness the full potential of our digital transformation, to optimise affordability of our developments and minimise project risks to deliver satisfactory developments to our key stakeholders. With the help of the project management software, we have significantly improved monitoring and control over our on-going construction through real-time updates on the progress of the projects, effective cost monitoring and timely project coordination. It continues to improve the transparency and efficiency across the organisation as reports are easily accessible for the perusal of the management to review, assess and deliberate. This has led to improved communication of reliable information and enhanced decision-making process.

ENVIRONMENTAL

MGB has constantly acknowledged the key environmental impacts caused by the construction sector in its reliance on raw materials and natural resources. By and large, we consistently ensure that all our projects adhere to the relevant environmental regulations that govern our industry. Besides, the Company also ensures all key environmental related practices are adopted in compliance with the ISO 14001:2015 Environmental Management System alongside regular updates to our Environmental Management Plan. Primary efforts in monitoring our energy consumption have led us to a 15.15% reduction on our Company's total energy consumption at our headquarters ("**HQ**") as compared to FY2019.

SOCIAL

MGB pushes on to be part of the nation's drive towards sustainable economic growth by tapping into local talents. We will continue to invest in our people and bring value to individuals by skilling them up. As a company that values its employees, we also ensure our people's safety and health is a focus. Our continuous efforts in upholding our commitment to health and safety measures at our project sites were acknowledged by the Malaysian Occupational Safety & Health Practitioner's Association (MOSHPA), in which MGB was awarded the Platinum Diamond Award in 2020, marking it as our fifth consecutive year of winning a MOSHA OSH Excellence Award. With the recognition that our operations may also have an impact towards the surrounding communities, MGB continues to prioritise such social engagement as part of our overall outreach strategy alongside our support on initiatives by the LBS Foundation.

SUMMARY

As we continue to advocate the element of sustainability within our business, the Company will stay committed to developing and enhancing our practices and initiatives. On this fourth year of reporting, we have established clear year-to-year progress, giving us a better understanding of our sustainability performance within MGB. We look forward to continuing our journey and set more ambitious sustainability-related targets for the next financial year despite the potential challenges we may face as we move forward into future.

Mr Lim Kim Hoe
Chairman of Sustainability Committee

HIGHLIGHTS OF 2020

ECONOMIC

Market Capitalisation
RM300.99 million

Revenue
RM563.27 million

ISO 9001:2015
Quality Management System Certified

Procurement
100% Local Suppliers

ENVIRONMENTAL

Zero
Cases of Environmental Non-compliance

ISO 14001:2015
Environmental Management System Certified

15.15% Reduction (0.78×10^6 MJ)
Energy Consumption

SOCIAL

ISO 45001:2018
Occupational Health and Safety Management System Certified

MOSHPA OSH Excellence Award
Platinum Diamond Award

1,981 hours of training
Training Programmes

SUSTAINABILITY REPORT

OUR SUSTAINABILITY GOVERNANCE

GRI 102-16, 102-18

SUSTAINABILITY VISION

To create a future of sustainable living spaces that enrich the quality of life for all

SUSTAINABILITY MISSION

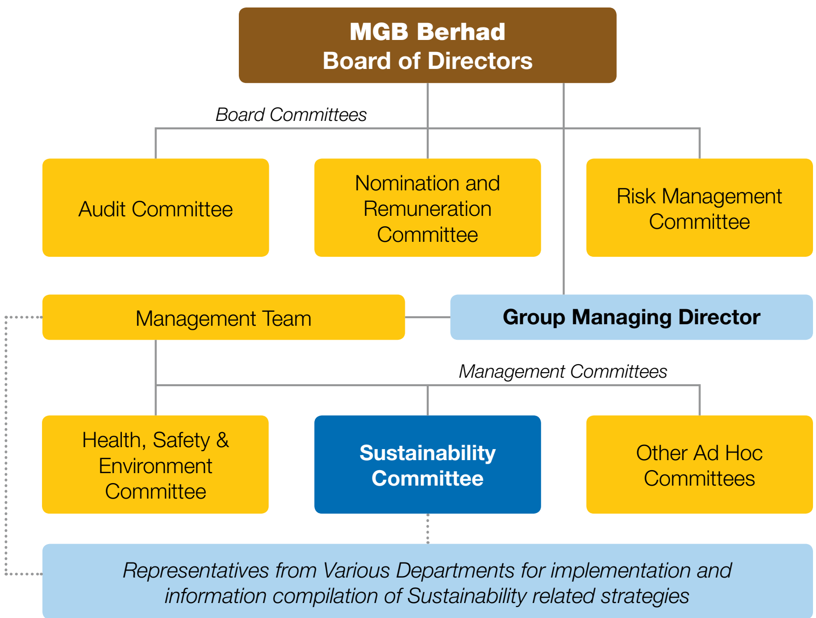
To be the force of transformation in the construction industry through sustainable and innovative solutions that are proactively responsive to the economy, environment and society needs

In order to lead sustainability into MGB's development, our organisation has depended on good governance in order to provide clear guidance, direction and accountability to our efforts. Integration of Environmental, Social and Governance ("ESG") elements into our policies and practices has led us to embedding sustainability principles into the way we conduct ourselves as a corporation and how services are offered to our stakeholders.

MGB'S CORPORATE AND SUSTAINABILITY STRUCTURE

In line with leading our approach towards managing sustainability, our Sustainability Committee ("**SC**"), comprising of representatives from various departments, is responsible for implementing, overseeing and addressing all sustainability-related issues from our stakeholders. Our overall Corporate and Sustainability Structure alongside the reporting flow of SC to the Board of Directors ("**the Board**") is as per the diagram in Figure 1. Furthermore, our SC Chairman, Executive Director & Deputy Chief Executive Officer - Mr Lim Kim Hoe, is also tasked to ensure that all sustainability-related matters are duly managed and addressed at the highest level of decision-making. With this setup, it is to ensure greater focus and accountability for achieving our sustainable vision and mission as we aspire to do better than just meeting basic expectations.

Figure 1: MGB's Corporate and Sustainability Structure



MGB'S ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG) POLICY

MGB adheres to our ESG policy that reflects our belief in the long-term value that the sustainable development of our business, supply chain and communities creates. In supporting such belief, all key sustainability factors are considered during the various stages of our development projects, e.g. design, demolition, construction, project handover, etc. On the forefront of environmental targets, the Company will continue to support the conservation of natural resources and respect the biodiversity of environment within our influence. All measures will be to identify and mitigate potential adverse risks to our operations on a timely manner. Our overall goal is to ensure that our conduct in business adheres to policies and guidelines in which we can establish integrity in the way we achieve a long-term and viable business success.

WHISTLEBLOWING POLICY

In line with our efforts in conducting our operations on an ethical, responsible and transparent manner, we have reviewed and updated our Whistleblowing Policy during the current reporting year. The policy was formalised and approved by the Board in June 2020 which is accessible via the Company's corporate website. With this, we aim to continuously provide a fair and objective avenue for all parties to disclose any improper conduct as well as to establish the necessary procedures in handling such circumstances impartially. In 2020, there were no whistleblowing cases reported.

BUSINESS ETHICS

At MGB, we strive to conduct all our operations at the highest standard of corporate ethics with the commitment to comply with all applicable rules, regulations and guidelines. This commitment is well reflected in our Business Ethics documents, in which proper and ethical conduct of a corporate culture embedded throughout our organisations. In addition, by focusing on the accountability and responsibility of our actions, we can focus on expanding the inclusion of sustainability into our journey of creating economic value whilst limiting our environmental and social impact.

ANTI-BRIBERY AND CORRUPTION POLICY

We recognise that bribery and corruption present significant risks to our business. To further expand on the efforts at upholding good governance in our business conduct, the Group has developed and formalised an Anti-Bribery and Corruption Policy in 2020. The policy entails key measures and guided points for the organisation in managing and addressing any risk or circumstances pertaining to bribery and corruption. The policy which was developed in compliance of all applicable laws and regulations, reflects on the Group's enduring commitment to zero tolerance against all forms of bribery and corruption and its strong stance against such acts in any circumstances.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

GRI 102-40, 102-42, 102-43, 102-44

With continuation of MGB's previous efforts on building stakeholder engagements, we have retained shareholders, business partners (e.g. customers, suppliers/contractors), regulators, employees, local communities and media as our key stakeholder groups that lead vital impact and influence on our business.

Hence, throughout the year, MGB has engaged with the various identified groups to recognise their primary concerns (e.g. on economic, environmental and social) which aided the Company in devising targeted sustainability parameters into our initiatives. The feedback as received were then populated into a control matrix as to identify the prioritisation of MGB's material matters.

Table 1: Stakeholder Engagement Mode and Frequency for MGB

Stakeholder Group	Mode of Engagement	Frequency of Engagement	Concerns Raised
Shareholders and Investors	• Annual General Meeting • Annual Report • Financial quarterly results • Analyst Briefing • Engagement sessions through meetings and site visits • Extraordinary General Meeting • Regular Shareholder Communication/ Announcement on Bursa Securities and Corporate Website	• Annually • Annually • Quarterly • As needed • As needed • As needed • As needed	• Economic Performance • Corporate Governance
Employees	• Annual Performance Appraisal • Employee Engagement Surveys • Career development and trainings • Events, Celebrations & Sports • Management Meetings • Town Hall	• Annually • Periodic • Periodic • Periodic • As needed • Bi- Annual	• Career Progression • Fair Benefits • Health & Safety
Customers	• Feedback Channels such as Emails, Phone Calls, Hotlines and Surveys • Website and Social Media • Product Launches and Roadshows • Marketing and Promotional Programmes and Events	• As needed • As needed • As needed • As needed	• Product Delivery • Product Quality • Regulatory Compliance
Government/ Regulators	• Income Tax Filing • Annual Return • SST Reporting • Official Meetings and Visits • Industry Events and Seminars	• Annually • Annually • Two months once • As needed • As needed	• Regulatory Compliance
Suppliers/ Contractors	• Product Launches and Roadshows • Regular Meetings and Site Visits • Supplier Assessment System • Subcontractor Performance Evaluation	• As needed • As needed • As needed • As needed	• Business Integrity • Ethical Procurement
Local Communities	• Charitable Contributions • Website and Social Media	• As needed • As needed	• Community Outreach
Media	• Press Releases • Website and Social Media	• As needed • As needed	• Economic Performance • Product Delivery

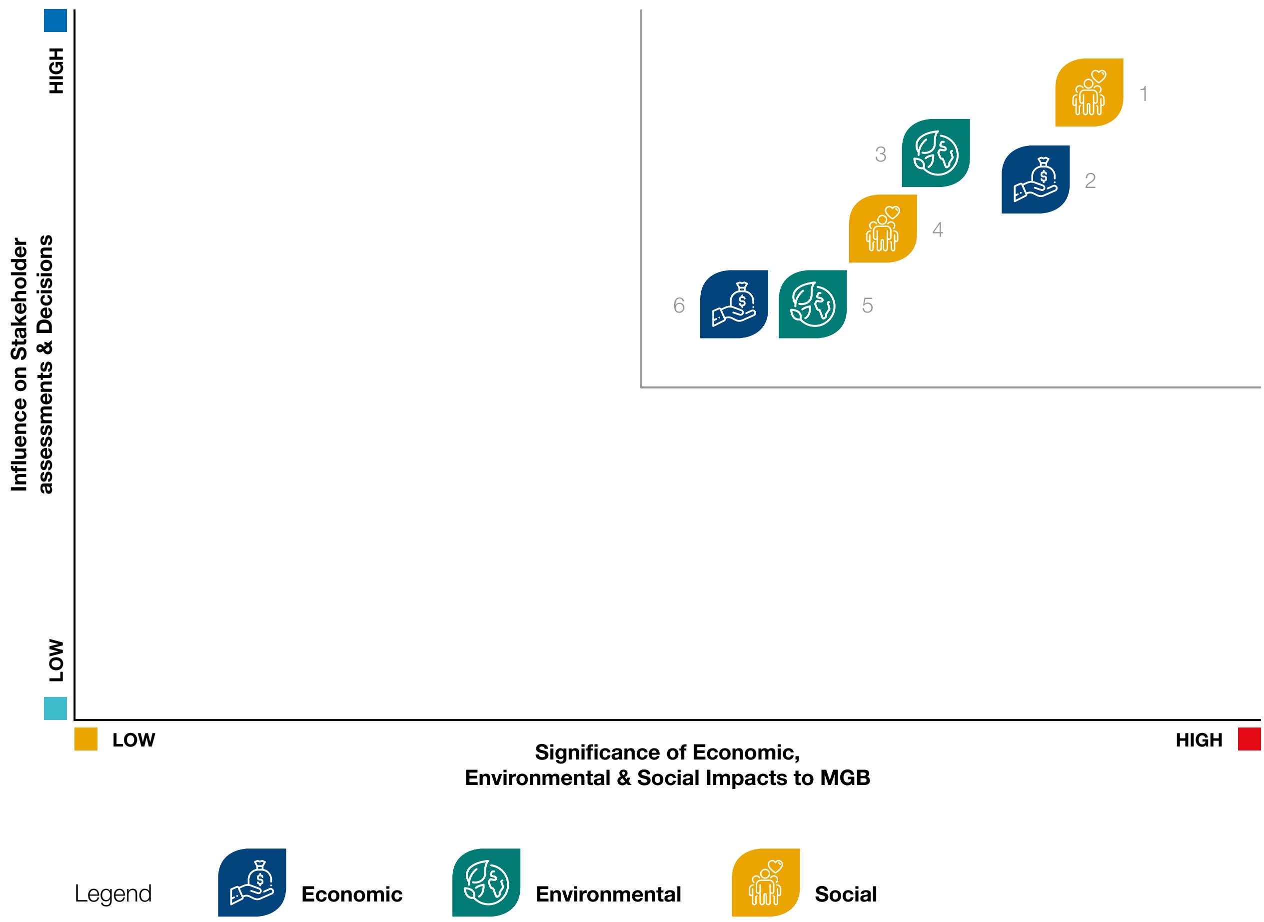
MATERIALITY MATRIX

GRI 102-47, 102-49

For the current year, we performed a general review on the Materiality Matrix by taking into consideration the development on each key sustainability matter from the perspectives of stakeholders' concern and impact to MGB's operations. The exercise was conducted based on the materiality matrix methodology outlined by the GRI Standards framework. This is to ensure that the key sustainability matters as identified prior remained key to MGB, alongside the consideration of any additional disclosures which may be of a priority during the current year.

A total of six (6) sustainability material topics were highlighted under our purview of high impact and influence as per the matrix below:

Figure 2: Materiality Matrix for MGB



List of Identified Topics for the 2020 MGB Sustainability Report	
1. GRI 403: Occupational Health and Safety	4. GRI 404: Training and Education
2. GRI 201: Economic Performance	5. GRI 302: Energy
3. GRI 307: Environmental Compliance	6. GRI 204: Procurement Practices

These six (6) topics remained from last year's assessment to ensure full focus and continuity of our sustainability initiatives to fulfil our promise to stakeholders. Through this approach, the Company believes that we can strive to uphold the core tenets of our sustainability objectives. In the following section of this report, we will take an in-depth look into the management approaches and performance data of these selected material topics.

SUSTAINABILITY REPORT

ECONOMIC

ECONOMIC VALUE GENERATED AND DISTRIBUTED

GRI 103-1, 103-2, 103-3, 201-1

Why It Matters?

MGB believes that strong economic performance is a vital component for continuous value delivery. By ensuring sustainable growth and long-term profitability, we aim to enhance value for our stakeholders through profit distribution and create competitive remuneration packages to reward the employees for their contribution. Profitability in our business allows us to contribute back to the communities in areas we operate in by creating employment opportunities and improving their living standards. Thus, we are committed to expanding and enhancing our business portfolios without compromising the quality of our products as well as the expectations of our stakeholders.

How We Approach It?

The Board and Group Managing Director bears the responsibility to manage MGB's financial performance, with the assistance from the top management team comprising of the Chief Executive Officer ("**CEO**") and Executive Director(s). The Board is briefed on a quarterly basis or as needed on the Company's financial performance and targeted milestones set by the Group. The execution plans carried out by the management team is discussed and assessed to determine the effectiveness. In monitoring our performance, forecasts of yearly profit and loss at the group level and monthly cash flow at each individual subsidiary company are prepared and reviewed regularly. This is in line with our commitment to ensure that cash flows are adequate at all times for us to honour our commitments to our key stakeholders (e.g. bank instalments, salary payments and statutory contributions). Even with the unprecedented circumstances happening in FY2020, we have maintained our timely payment track record and with no default in any form of commitments. We stay alert at all times to avoid any possibilities of profit leakages or mismanagement of cash flow.

Our efforts are also focused on ensuring the best of quality from the services we provide and products we deliver. This is proven through our continuous adherence to ISO 9001 Quality Management System in ensuring the highest level of quality within the operations of the construction business. Furthermore, during the year, the Company extended the adoption of ISO 9001 to our manufacturing business. In order to achieve this, we ensured rigorous efforts on conducting awareness briefings, trainings, risk and opportunity assessments, process redevelopments and internal audits. As a result of these efforts, our subsidiary, e.g. MGB SANY (M) IBS Sdn. Bhd. ("**MGB Sany**") successfully obtained its ISO certification in January 2021.

As for our construction practice, our employees have been involved extensively during inspections (e.g. pre-inspection for Certificate of Practical Completion) at construction sites to ensure our products meet quality standards, safety requirements and customer's expectations. This practice is also to ascertain that defects (if any) are detected on a timely manner, as well as to provide our employees an opportunity to enhance their knowledge on quality control. Our measures are also complemented with the Company's cooperation with subcontractors, technical consultants and other professionals who are equipped with relevant experiences and proven track records to strive for excellence.

MGB constantly stays on top of the latest technology trends relevant to the industry to achieve maximum efficiency, as exemplified in FY2020 when we acquired and implemented a project management software. The introduction of this software aims to increase planning efficiency, drive down cost overruns and identify bottlenecks to ensure early implementation of corrective measures. In order to ensure that the Company's projects achieve desired outcomes and minimise unnecessary wastages, we regularly track the efficiency of projects using the software to compare actual spending with the budget allocated. During the year, the dedicated utilisation of an online banking platform has also helped us save time significantly and minimised usage of resources to ensure smooth processing of transactions, especially throughout the Movement Control Order period when physical activities such as cheque deposits/ collections were restricted.

In sustaining our economic performance, some other notable initiatives and general measures undertaken by the Group include:

Key Project

- Launch of a software application as a platform for Zenopy residents to lodge reports on defects and for the Company to respond and initiate rectification actions on a timely manner.

General Measures

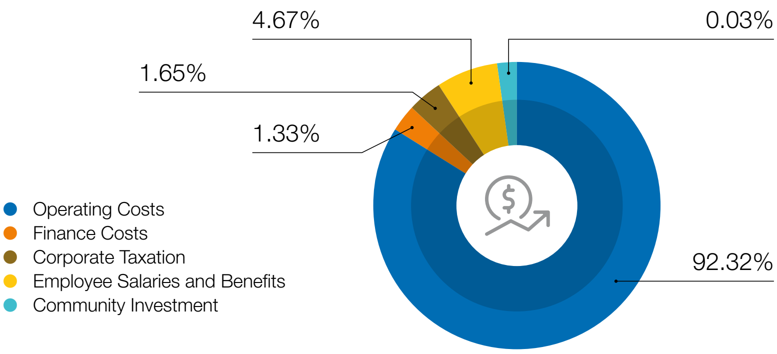
- Focus on training and development programmes for employees to advance in technical knowledge, which will increase productivity and job satisfaction, leading to the Company's ability to retain talent resources in the long run;
- Constant review and enhancement over existing Standard Operating Procedures ("**SOPs**") in order to ensure internal controls are well-executed and strengthened in our dynamics operation environment;
- On-going efforts to seek and secure key projects via joint ventures, development rights with landowner(s) as well as participation in private/government tendering exercise in expanding our footsteps and track records;
- Maintenance and upkeep of business continuity/disaster recovery plan in ensuring that all data that crucial for the Company's daily operations are safeguarded and protected from malicious attacks or unauthorised access;
- Engagement with external and internal auditors to ensure that an independent evaluation of the Company's practices and performance is undertaken. For the current financial year, there was neither any material deficiencies noted within the operations reviewed nor was there any major audit adjustment highlighted by the auditors; among others.

OUR PERFORMANCE

During the reporting period, MGB recorded revenue of RM563.27 million and Profit Before Tax ("**PBT**") of RM22.70 million compared to RM756.15 million revenue and PBT of RM20.91 million in previous financial year.

As an alternate outlook to our economic performance, we have embarked on monitoring our performance based upon the economic value generated and distributed by the Group. For this reporting period, MGB has managed to generate a total economic value generated of approximately RM568.08 million from which 97% was distributed to support our operating and finance costs, corporate taxation, employee salaries and benefits and contribution to the community. With this, we managed to retain an economic value of approximately RM14.98 million. Further details of our economic value distributed are as illustrated in the chart below:

Figure 3: MGB's Economic Value Distributed in FY2020



Please also refer to the Annual Report page 99 for the Performance Data of Direct Economic Impact of MGB.

SUSTAINABILITY REPORT

LOCAL PROCUREMENT

GRI 103-1, 103-2, 103-3, 204-1

Why It Matters?

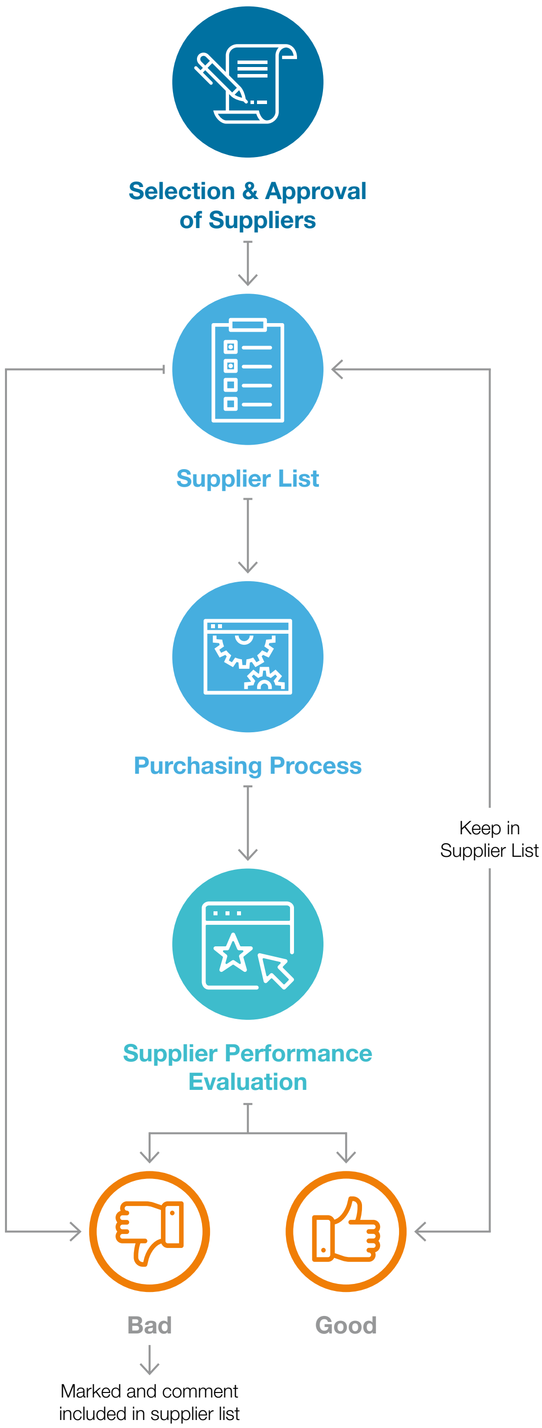
MGB recognises that proper management of our procurement practice is critical to our business. Besides ensuring the competitiveness of the Company, it links directly to our financial performance. With an effective procurement practice, we are able to ensure the quality of materials through stringent requirements. It is our priority to uphold our commitment to quality, safety and environment through the products and services we offer.

How We Approach It?

As part of the Company's effort to ensure the effectiveness of our procurement practice, we have established relevant guidelines and policies to ensure MGB's competency and ability to meet the quality and environmental requirements when we make a purchase. It is the responsibility of all directors, managers and employees to strictly adhere to the Company's procurement policies and procedures when they are involved in any purchasing activities.

Our "Supplier Assessment System", as shown in Figure 4, includes a three-stage process that serves as our SOPs in procurement. The various stages start off with our rigorous sourcing and selection process, in which all potential suppliers are assessed impartially based on experiences, competencies, resources and adherence to the requirement of the project, client or the Company. Furthermore, it also includes a process of verification or validation of documents and activities performed/product produced by the suppliers. This is subsequently supported by our rigid purchasing process in which all purchases are made with proper authentication and approval. The setup of this stage is also to assist us in monitoring our purchases on an effective and efficient manner. Lastly, our on-going supplier performance evaluation exercise ensures that all suppliers engaged are contributing a strategic advantage to the Company. Performance evaluation of suppliers is carried out on an annual basis for each project based on the following criteria:

Figure 4: MGB's Procurement-related SOPs



1

Selection and Approval of Suppliers:
Used to create a database of suppliers that will be kept for five (5) years, including technical information on their products for easy reference.

2

Purchasing Process:
Used for the purchasing processes, including obtaining requisition permission, as well as the purchase order and formal delivery order approvals.

3

Suppliers Performance Evaluation:
Used to assess the performance of the suppliers on certain criteria on an annual basis (whichever occurs first), and provides a score; if a supplier fails to meet a minimum score, it will be marked on the Supplier's List.

OUR PERFORMANCE

To uphold the Company's commitment in developing the local economy and improving the living standards of the surrounding communities, we have set an internal target of procuring 80% of our materials from local suppliers. For this reporting year, we have again managed to surpass our initial goal and are currently sourcing 100% of our raw materials from local suppliers.

SUSTAINABILITY REPORT

ENVIRONMENT

ENVIRONMENTAL COMPLIANCE

GRI 103-1, 103-2, 103-3, 307-1

Why It Matters?

In recognising that environmental impact is a key risk to MGB's sustainable future, we are mindful and committed to reduce and minimise any potential adverse environmental impacts generated from our operations. This long-term vision amplifies the importance of the sustainable management of environmental issues, particularly as we are fully aware of the potential damage that can be caused by mismanagement throughout the construction process. We adopt a holistic view in managing our environmental impact and constantly strive to improve. Therefore, we are committed to complying with all applicable environmental regulations across our project sites and encouraging environmental practices among our subsidiaries and sub-contractors.

How We Approach It?

Our safety and health practices are governed by the Health, Safety & Environmental ("**HSE**") policy established by MGB Construction & Engineering Sdn. Bhd. and signed by the Executive Director & CEO of the Company. The policy manifests our commitment to comply with environmental regulations, reduce pollution and continually improve on our environmental performance. To keep abreast of the dynamic policy landscape, the Company closely monitors relevant updates from the Department of Environment ("**DOE**") and other local authorities. In order to ensure full compliance, requirements that are aligned with the Environmental Quality Act are clearly stated in all of our contracts with sub-contractors for their adherence and commitment.

Our environmental initiatives are also established and implemented in line with our ISO 14001:2015 certification. Leading our approach towards environmental sustainability is our HSE Committee. The committee, comprising officers from each construction site and the management team, meets quarterly to discuss and address key environmental issues and challenges. In addition to which, the team also deliberates on internal initiatives to be incorporated in day-to-day operations.

As for specific consideration of each project, an Environmental Management Plan ("**EMP**") is in place to facilitate the monitoring and assessment of environmental practices throughout a project's lifecycle. EMPs outline the projects' environment impact, mitigation measures, roles and responsibilities of HSE representatives, timeline and cost mitigation considerations. This is supported with the weekly inspections conducted by our HSE officers and supervisors on the EMP implementations. The EMPs are also regularly updated as projects progress into different phases, such as commissioning, mobilisation, construction, operation and decommissioning, in order to ensure its consistent relevance and adaptability.

Awareness initiatives are another key element in our environmental efforts. HSE personnel and management staff participate in capacity building programmes on environmental issues and receive regular updates on the ISO 14001:2018 reviews. On worksites, all staff, workers and sub-contractors will be briefed on environmental issues during the kick-off meeting and relevant issues may also be discussed in the weekly toolbox briefings. Additionally, management reviews, internal and external audits are performed on a yearly basis to further ensure our compliance.

Other than that, the Company is also exploring the assessment of materials selected for construction, focusing on the negative environmental impact some sources may have. This is considered a key strategy towards achieving a sustainable construction approach and has been opted for consideration among all key stakeholders for a project. This has led to projects whereby structures are being built using aluminium formwork and precast system as an alternative to replace the use of conventional timber/plywood materials. MGB is confident to be making more strides towards ensuring that environmental impacts are always part of our fundamental consideration whenever a decision or action is taken by us.

OUR PERFORMANCE

In continuation of our performance from prior years, this is the third consecutive year whereby MGB has successfully maintained zero cases of fines or non-monetary sanctions for environmental non-compliance from the authorities. Moving forward, MGB is determined to continue showing our commitment to quality project delivery without adverse impact to the environment.

Zero
cases of non-compliance with environmental laws and regulations in 2020

ENERGY

GRI 103-1, 103-2, 103-3, 302-1

Why It Matters?

We acknowledge that climate change poses material risks to our industry if developers and construction contractors fail to deliver resilient built environment in view of the expected physical risks. In order to mitigate climate change, we have been investigating options to shift the way we consume and manage energy as to reduce our greenhouse gas emissions. We are committed towards effective and efficient use of energy across all our offices and work sites. We believe this will not only benefit the continuity of our business but also reduce the potential economic risks in the long run with the potential fluctuation in the prices of certain energy resources.

How We Approach It?

Guided by our HSE policy, the Environmental Instructions Manual outlines our initiatives on energy conservation in our operations both at HQ and project sites. This document is distributed among all employees and sub-contractors, whose compliance is required.

Our HSE officers and supervisors regularly monitor and verify the implementation status of these initiatives, as directed in our EMP monitoring exercise. The results are communicated to the HSE Committee to enable better coordination across the organisation, which allows us to concert our efforts to deliver sustainable construction projects that consistently fulfill both our clients' expectations and environmental conservation needs.

In FY2020, we have furthered our journey on renewable energy transition by embarking on a project to install solar panels at our workers' quarters in Alam Perdana located in the state of Selangor. This initiative was to provide an alternative renewable source of electricity for the quarters, which was previously fully powered by diesel generators. Guided by our experience with this pioneer project, we will embark on more similar initiatives as solar panels installation is currently considered for adoption at our project sites (e.g. for our site office/general lighting on construction sites/wherever applicable).

Examples of Energy Conservation Initiatives
Install light sensors in common areas e.g. reception, corridors and toilets where necessary
Use energy saving bulbs to minimise electricity consumption
Turn off the lights and air conditioning system during lunch time
Turn off the air conditioning system at least half an hour before the last person leaves the office
Place signage at strategic locations such as meeting rooms, toilets, corridors etc. to conserve electricity as well as turning off lights and air-conditioning system
Turn off lights when daylight is sufficient in the office
Turn off air conditioning system in the meeting rooms when the rooms are not occupied
When meeting room or toilet is not in use, turn off the lights
Ensure that computers, printers and photocopiers are programmed to be on power saving mode when not in use
Repair any leaks in the air ventilation system
Ensure that doors and windows are kept closed at all times when air conditioning system is in use

OUR PERFORMANCE

Through our consistent endeavours in optimising our HQ's energy management, we achieved 15.15% reduction in electricity consumption as compared to FY2019. Even after taking into consideration that our HQ was closed from operation (during the MCO period) for a total of 1.5 months, the reduction still showcased a positive impact triggered by our rigorous energy conservation initiatives.

Total Electricity Consumption in HQ:

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY

GRI 103-1, 103-2, 103-3, 403-1, 403-2

Why It Matters?

Our commitment to excellence extends to all aspects of our operations, including our approach to health and safety. As a responsible company, our responsibilities include a duty to care and provide a safe and healthy work environment for all of our stakeholders, which entails our employees, suppliers, sub-contractors, visitors and others who may be affected by our activities. Hence, health and safety are considered a priority of utmost importance at MGB. Our aspiration is to go beyond compliance and our continual commitment to health and safety is underscored by our achievement of zero health and safety related incidents across our business operations in FY2020.

How We Approach It?

At MGB, our HSE Policy and objectives are developed to guide all health and safety related matters within our organisation. The policy acts as a foundational tool in helping us to realise our vision on health and safety, to advocate for safety as a culture and to establish an optimal working environment for all. The policy is applicable to all of our business activities and premises and is compliant with Malaysia's Occupational Safety and Health Act 1994.

Established as a principal framework to our Health, Safety and Environmental Management System ("**HSEMS**"), our HSE Policy has successfully guided an effective system to manage all relevant health and safety risks within our operations. This is demonstrated by our ability to not only meet all applicable health and safety legal requirements, but to also work towards incorporating industry best practices within our approach to health and safety management.

As part of our practice on the management of health and safety, we have also established our HSE Committees in both HQ and project sites. The committees work collectively in order to ensure a consistent and standardised application of practices across our organisation. Each site's HSE Committee is tasked to monitor the efficiency of HSEMS activities whilst continuously identifying areas for improvements. Their role is also to ensure that prompt actions are carried out when addressing incidents, accidents or emergencies pertaining to health and safety on site. Additionally, the site's HSE Committee is also responsible to provide timely reporting of such incidents/ accidents to HQ as to initiate for any action plans that are to be undertaken at the group level.

In addition to this, MGB is committed to investing resources to provide health and safety related training and education to our employees. This includes initiatives such as sending our HSE officers to Continued Education Programme ("**CEP**"), weekly toolbox briefings, bi-weekly housekeeping, health and safety induction and monthly awareness programmes. Moreover, fire drills are also conducted at HQ and all project sites to provide an opportunity for our employees and other stakeholders to be aware of and educated on our fire precautionary measures.

During the year, in light of the ongoing COVID-19 Pandemic, we have also established measures to ensure that our operations do not only comply with the relevant guidelines by the government but also establish a high level of safeguard against this unprecedented health risk. One of our key measures has been requiring all foreign workers to undergo a swab test. Following such tests, workers who tested negative for COVID-19 are required to observe a two (2) weeks quarantine period at self-isolation cabins that the Company has prepared for this purpose. Workers are then only permitted to access our project sites subsequent to this quarantine period.

In addition, we also provided face masks and enforced its usage along with regular temperature monitoring for all parties (e.g. employees, visitors, etc.) prior and during their access to our areas of operation. As for our site offices, worker quarters and construction sites, we carry out disinfection and sanitisation where necessary and provide washing facilities for our workers. Employees are also regularly briefed on our SOPs to ensure satisfactory compliance across all operations.

In addition to driving our COVID-19 measures, our focus on mosquito control at project sites has never deviated. For addressing one of the most common health risk at construction sites, we have carried out practices such as fogging (conducted twice per week at each project site), daily larvae seeding process, destruction of potential mosquito breeding ground, application of insecticide or anti-mosquito oil and regular checks for mosquito breeding. This is to ensure that all potential risks of mosquito breeding are addressed regularly and promptly at our sites.

With all these measures in place, MGB has firmly devoted to ensure that our employees play a pivotal role in upholding our health and safety performance. Considering this, apart from our regular health and safety audits, a WhatsApp HSE group has been established to provide a platform for employees to highlight and discuss issues on health and safety. This is also to ensure that key actions are taken promptly to address any potential weaknesses in practice and to initiate any additional innovative solutions effectively.

Composition of HQ and Site HSE Committee

HQ

The HQ HSE Committee consists of:
Health and Safety Manager, HSE Management Representative, Head of Construction, Head of Department (HR/Admin, Procurement, Account/Finance, Contract) and Chief Operating Officer.

SITE

The Site HSE Committee consists of:
Health and Safety Officer, Site Safety Supervisor, Site Engineer, Project Manager, Trade Subcontractors representatives, Nominated Subcontractors representatives and client's representative.

Adoption of ISO 45001

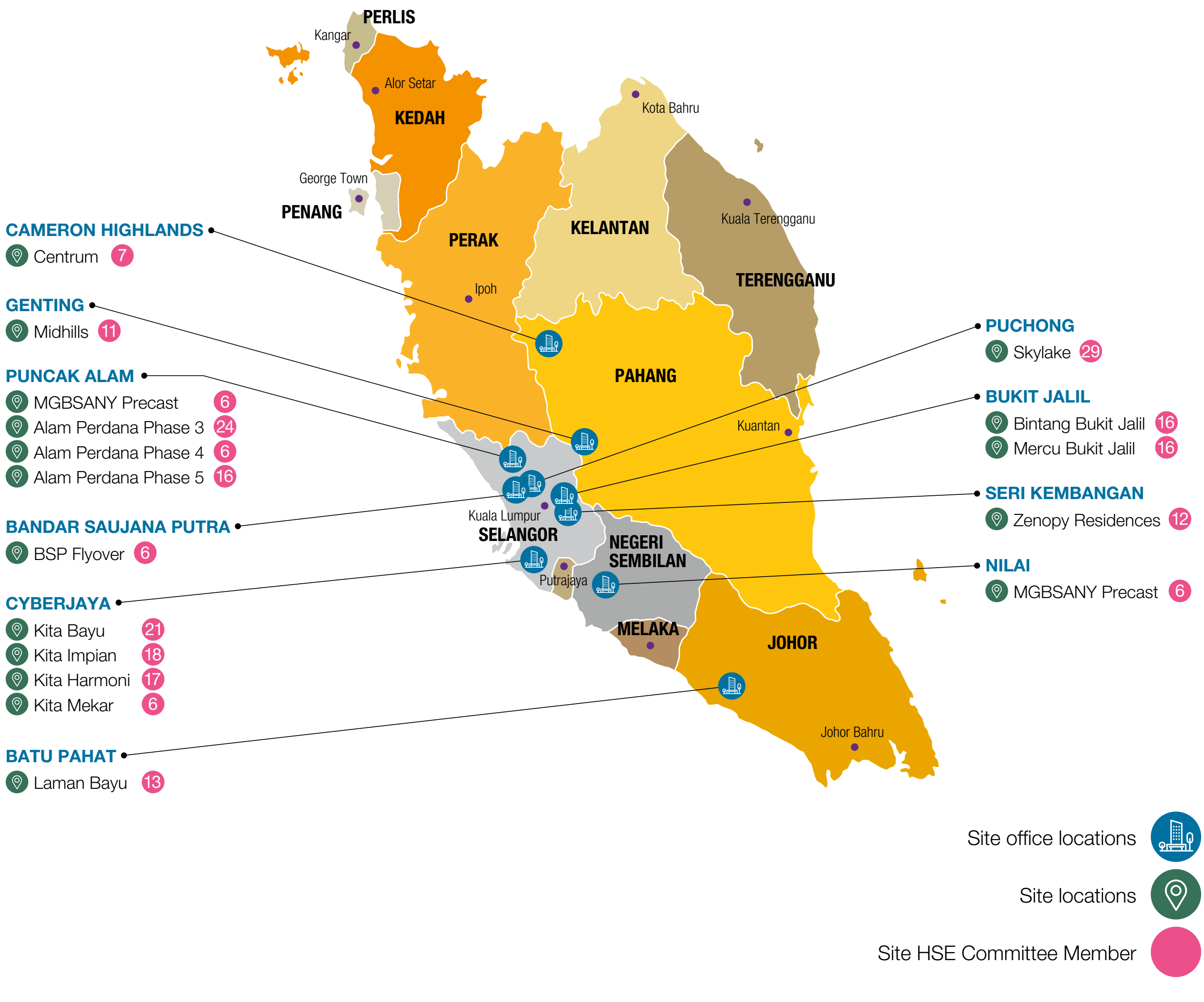
In January 2021, MGB Construction & Engineering Sdn. Bhd. successfully attained its ISO 45001:2018 Occupational Health and Safety Management System certification. In adopting this world-leading standard, our intention is to enhance MGB's overall management of occupational safety and health matters. In order to implement this standard, we have conducted awareness briefings and trainings amongst our employees. Our adoption of this globally recognised standard demonstrates our continual commitment to ensuring our health and safety programme goes beyond compliance and adheres to industry best practices.

SUSTAINABILITY REPORT

OUR PERFORMANCE

For FY2020, a total of 230 HSE Committee members including 22 certified competent person under the Malaysian Department of Occupational Safety and Health ("**DOSH**") were stationed at 17 of MGB's project sites across Malaysia. We are proud that our efforts in managing and mitigating MGB's health and safety risks have resulted in zero accidents, zero injuries and zero fatalities at both MGB's HQ and project sites – continuing our noteworthy track record of ensuring a safe environment for all our people. Determined to maintain our success, we will remain committed and rigorous in our management of health and safety matters across our operations.

Figure 5: MGB's HSE Committees across Site Locations



MGB OHS Performance at HQ	
Total number of injuries	0
Total number of lost workdays resulted from injuries	0
Injury rate	0
Lost day rate	0

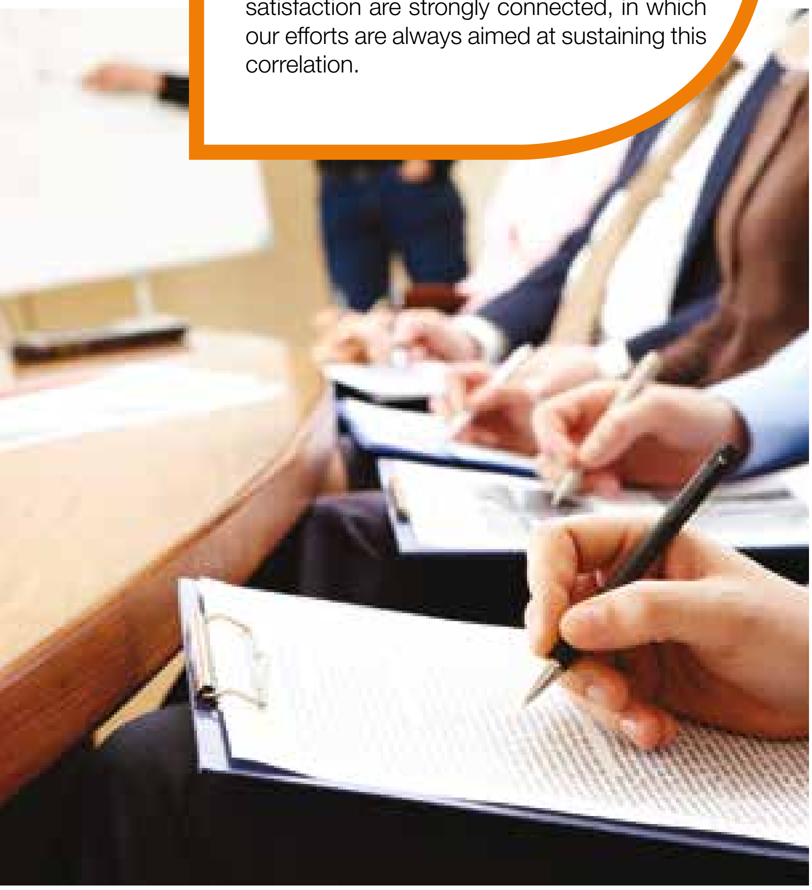
MGB OHS Performance at Project Sites	
Total number of injuries	0
Total number of lost workdays resulted from injuries	0
Injury rate	0
Lost day rate	0

TRAINING AND EDUCATION

GRI 103-1, 103-2, 103-3, 404-2

Why It Matters?

At MGB, we recognise the key role that employees play in propelling and sustaining the organisation's success. In complementing this principle, we are devoted to ensuring that we provide our employees with a range of learning and development opportunities to ensure continual growth – for both individuals and the Company itself. Our approach is simple: in order to achieve our business strategies, we aim to develop and empower our employees to advance their careers via key development opportunities and innovative learning solutions. It is also our belief that career development and job satisfaction are strongly connected, in which our efforts are always aimed at sustaining this correlation.



How We Approach It?

At MGB, we consider career development and learning as a shared responsibility whilst also recognising that employees ultimately steer the direction of their own careers. As such, our objective is always to provide our people with the best opportunities and tools they need to reach their career goals. We encourage our employees to learn through various means as offered at MGB, which includes on-the-job experiences, mentoring and coaching engagements and formal training sessions. Within coordination between our Human Resource ("**HR**") department and other respective Heads of Departments ("**HODs**"), we ascertain that all training opportunities are provided fairly and objectively for our people across all business units.

Overall, we provide structured learning opportunities that are focused on two (2) types of training: technical training and awareness training. Employees can either be nominated for trainings by HODs pursuant to our annual performance and appraisal process or they can submit a request with Training Requisition Forms. Pursuant to our training and development policies and guidelines, we continually seek to expand our learning programmes in consultation with subject matter experts. This includes initiatives to train our management team and the Board on matters such as regulatory changes, accounting standards and emerging business trends and risks. By adopting a comprehensive approach to learning and development, we ensure that our employees' needs are met whilst also advancing our advantage in the industry.

In order to monitor the efficacy of our training programme, targeted performance indicators are set during the development of training plans, including required training hours for each employee. Training evaluations via a Training Evaluation Form are conducted with all employees subsequent to every internal technical trainings. This exercise is implemented to assess the outcomes of our training endeavours and specifically on areas such as the effectiveness of the training module, the performance of trainers and an overall feedback.

Additionally, our internal Quality Assurance and Quality Control ("**QAQC**") department routinely audits our management systems, which includes how we manage training and development aspects of operation, to ensure that we operate in accordance with the relevant ISO standards. Additionally, our management systems are also reviewed by external accreditation bodies to ensure the validity of our certification. In FY2020, there were zero non-conformance reports issued against our training and development activities via the process of annual review and audit.

SUSTAINABILITY REPORT

OUR PERFORMANCE

Across our operations, our employees registered a total of 1,981 hours of training for FY2020. This resulted in an average of five (5) training hours per employee across twenty (20) training programmes focusing on a range of subject areas, e.g. leadership, risk management, accounting, health and safety, digitilisation, client service and anti-corruption. However, a reduction of training hours as compared to FY2019 is acknowledged, during which the Company clocked in over 3,000 training hours and achieved the target of eight (8) training hours per employee. This was due to the reduced number of available and relevant training sessions, limited by the lockdown situation we faced throughout the year. During the year, total of twenty (20) employees were selected to participate in the mobile microlearning platform which focused on value-based leadership courses. By having experienced the way we conduct ourselves throughout a unique FY2020, the Company will certainly continue to expand its efforts in adapting and seeking more training opportunities for our employees in the future.

Figure 6: MGB's Total and Average Training Hours for Employees in FY2020

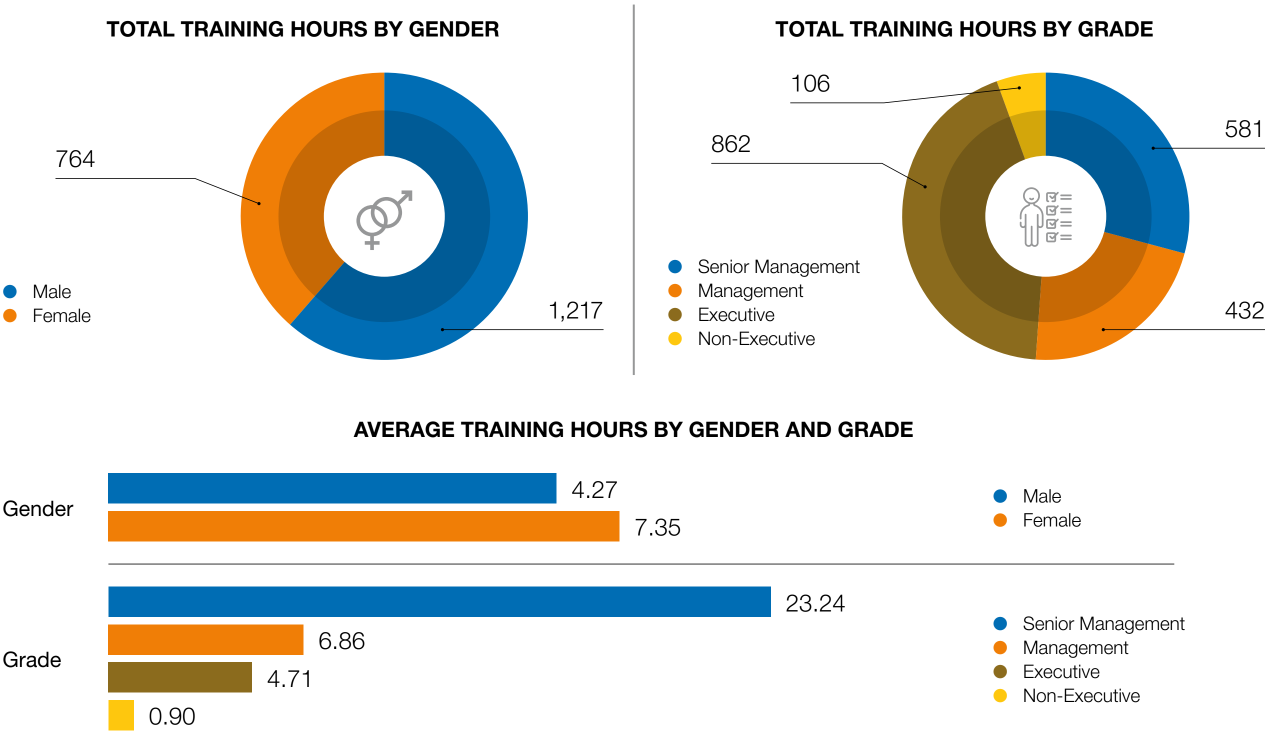


Figure 7: Examples of MGB's Training Programmes for Employees in FY2020

Technical Training

- Mobile Crane Inspection Training
- Forklift Operators' & Safety Training Programme
- Times Software E-Leave & E-Payslip Training
- 13th Annual Hays Asia Salary Guide
- Accounting for Non-Accounting Professionals
- ISO 45001: 2018 Qesh-MS Transition & Certification Program
- Safety and Health Assessment System in Construction (Shassic) Assessor Training
- E-EA Training
- Technical Briefing for Company Secretaries and Listed Issuer

Awareness Training

- Briefing for EMS, QMS & OHSAS
- Grit & Grace 2020
- Next Leader Programme
- Whistleblowing Policy Briefing
- Digitalization – The Transformation of Business
- ISO 9001:2015 Risk Management & Interested Parties
- ISO 9001: 2015 Internal Audit Training

COMMUNITY

OUR PEOPLE, OUR SUCCESS

At MGB, we believe that our actions can have profound, beneficial impacts on society at large. Focused on salient nation-social issues, our commitment to our communities derives from the core brand values established by our parent company LBS Bina Group Berhad: **Passion**, **Creativity** and **Care**. In order to realise these values, we are fully committed to enriching the lives of our communities through various initiatives that advance social welfare in Malaysia. MGB takes seriously our influence to enact change in society, and we are consistently driven to generate a positive impact on the local communities where we operate in.

Within this context, we aim to embed our values in our daily practices, including through notable initiatives such as the *Happily Grow Together with MGB* programme and the *MGB Care Group Initiative*. Through these community-oriented initiatives and programmes, we aspire to empower the people around us, embedding values of inclusion to ensure that we can generate beneficial outcomes for as many people as possible.

Figure 8: MGB's Brand Values

Brand Values

Passion

We believe that passion in the business causes us to self-innovate. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottom line.

Creativity

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt by the end consumer.

Care

We believe in a working culture that puts people first – people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

SUSTAINABILITY REPORT

HAPPILY GROW TOGETHER WITH MGB ("HGTM")

The Happily Grow Together with MGB ("**HGTM**") Programme is our flagship effort to realise three aspects of MGB's working values, which are illustrated below. Shaped by these working values, the objective of the HGTM Programme is three-fold: to seamlessly integrate our employees into MGB's working culture; to promote creativity amongst our employees; and to incentivise greater performance.

Figure 9: HGTM's Initiative's Themes and Aims

Happily	Grow	Together
Aim: To create an enjoyable yet high performance working environment	**Aim:** To promote innovation and creativity in MGB	**Aim:** To promote a sense of belonging in MGB
Enjoyable working environment	Improve personal knowledge and skills	We are MGB-ians
Creative workplace	Develop one's potential to be a better person	We are a family with the same vision - Create Living Spaces, Enrich Life
Be proud of MGB's achievement	Progressive business and to improve Company performance	
Receive awards accordingly	To increase the Company's popularity in the industry	

Through HGTM, we actively engage our employees in meaningful ways, focused on fostering camaraderie and interaction amongst different departments and service lines. This is achieved by creating various opportunities internally for employees to meet and collaborate with one another, including for celebrations and charitable causes. Building on our successes from previous years, we will continue to think creatively and innovatively to provide a range of opportunities via HGTM to boost employee morale and foster a shared and inclusive company culture.

CARE GROUP INITIATIVE

MGB makes every effort to ensure that we live up to our Brand Values, including our belief in the importance of fostering a work culture where we prioritise the needs and wellbeing of our people – our most valuable resource. A key initiative to realise our value of "Care" is the Care Group Initiative, which was established in January 2017. Acting as a platform for all of our employees to propose ideas to enhance our working environment, the primary aim of the Care Group Initiative is to reward our employees and to advance a work culture that enables our people to reach their fullest potential.

The initiative comprises of a "Care Group", which includes the Super Glue Committee and the HR Department. Working in collaboration to realise the objectives of the initiative, the "Care Group" collects and reviews feedback from our employees regarding MGB's working environment. Following a review of feedback, the "Care Group" coordinates a task force to address any relevant concerns and to improve our working culture. Through this initiative, our efforts have enabled us to raise the spirits of our employees and provide a working environment, which meets their needs and expectations. Moving forward, we will proactively continue to develop and improve the Care Group Initiative as we seek to empower our people.

Figure 10: Example of MGB's Care Group Activities for Year 2020.

Chinese New Year Celebration

Father Day's Celebration

Small gifts were provided to our employees as a token of our appreciation for their efforts and commitment.

Plant's Day

A green initiative to provide our employees with miniature plants to promote greenery within our office space.

The aforesaid initiatives by the Group brought additional value during the COVID-19 pandemic, where the main focus was targeted on ensuring the well-being of our employee. Key actions and measures were identified and initiated effectively by the Group to ensure that our people stayed protected and supported. By placing dedicated resources and support on this, we managed to adapt and persevere through the circumstances as an organised front. As we carry on navigating through the effects of the pandemic, MGB is committed to seek a worthy and ideal balance across all aspects of sustainability.

SUSTAINABILITY REPORT

FEATURE STORY: INDUSTRIALISED BUILDING SYSTEMS (IBS) IN OUR DEVELOPMENTS

MGB is fully committed to exploring innovative solutions in order to deliver high-quality, affordable and sustainable products for our customers. Guided by this objective, we have maintained our use of IBS across our project sites in FY2020, firmly aligning ourselves with the ambitions of our parent company, LBS Bina Group Berhad and the Malaysian Government in expanding the application and fully reaping the benefits of IBS throughout Malaysia.

As one of the industry leaders of IBS in Malaysia, MGB both manufactures and utilises prefabrication components across our project sites, with a particular focus on steel and aluminium formwork and precast concrete. Currently, we operate two (2) IBS plants that are dedicated to producing prefabricated building components, with a mobile plant in Alam Perdana, Selangor and a permanent plant in Nilai, Negeri Sembilan. We are proud that our IBS plants have successfully supported the construction of a total of 3,962 units since 2018.

Figure 1: Completion units using IBS precast concrete

Year 2018	Units
Irama Perdana at Alam Perdana	673
Year 2019	
Rentak Perdana at Alam Perdana	856
KITA Bayu at KITA Cybersouth (Townhouse)	416
KITA Bayu at KITA Cybersouth (Double Storey Terrace House)	379
Year 2020	
KITA Harmoni at KITA Cybersouth	674
KITA Impian at KITA Cybersouth	964

Since adopting IBS precast concrete components nearly four (4) years ago, we have continued to witness a range of positive benefits. Notably, our application of prefabrication techniques has enabled us to reduce construction times, increase cost savings, create a safer working environment and generally enhance our environmental performance. By manufacturing and using prefabricated components in our construction projects, we ultimately produce better products for our customers whilst upholding other aspects of sustainability performance for the Group. In addition, the system has also greatly improved the efficiency in construction times and reduced labour cost. As we adopt new technologies and innovations in our manufacturing plants, we continue to do so without compromising the quality of our products, as demonstrated by the certification of MGB SANY to ISO 9001:2015 Quality Management System. These improvements in quality and savings will eventually benefit our customers, thus enabling us to focus on the development of affordable housing with exceptional quality.

Our adoption of IBS has also enabled us to reduce our environmental impact by streamlining the construction process. For example, our IBS manufacturing plants are designed to reuse materials, which would normally be discarded as waste if components were built on-site, hence, reducing our waste output. Further, as IBS generally improves the efficiency of our projects, the use of prefabrication techniques also allows us to increase our energy efficiency. For instance, IBS is usually manufactured and delivered in bulk quantity, thus reducing the environmental impact of frequent transportation typically required within similar construction projects.

Our IBS plants in particular have created a range of benefits for our people and the surrounding local communities. This includes providing our workers with a safe working environment, creating opportunities where our employees can develop new skills, and producing employment opportunities for local communities where we operate. We are proud that our application of IBS helps us to create positive social benefits for both internal and external stakeholders.

As a Group, we are pleased to inform that our IBS manufacturing plants have continued to improve our construction processes whilst creating beneficial outcomes for a range of stakeholders. Moving forward, MGB is determined to develop, improve and refine our use of IBS which shall be accompanied with disclosure of further performance data. With the utmost support from our parent company, we are certain that our application of IBS will continue to assist us with our overall goal in creating high-quality products, which are both sustainable and affordable.

GRI STANDARDS CONTENT INDEX

GRI 102-55

GRI Standards	Disclosures	Page Reference
ORGANISATIONAL PROFILE		
GRI 102-1	Name of the organisation	Cover Page
GRI 102-2	Activities, brands, products and services	Page 34
GRI 102-3	Location of headquarters	Page 7
GRI 102-4	Location of operations	Page 7 & 34
GRI 102-5	Ownership and legal form	Page 6
GRI 102-6	Markets served	Page 34
GRI 102-7	Scale of the organisation	Page 35
GRI 102-8	Information on employees and other workers	Page 35
GRI 102-9	Supply chain	Page 55
GRI 102-10	Significant changes to organisation and its supply chain	Not applicable
GRI 102-11	Precautionary Principle or approach	Page 83
GRI 102-12	External initiatives	Page 69 to 71
GRI 102-13	Membership of associations	Contact organisation for further details
STRATEGY		
GRI 102-14	Statement from senior decision-maker	Page 50 to 52
ETHICS AND INTEGRITY		
GRI 102-16	Values, principles, standards and norms of behaviour	Page 2 to 4, 69 & 70
GOVERNANCE		
GRI 102-18	Governance Structure	Page 54
STAKEHOLDER ENGAGEMENT		
GRI 102-40	List of stakeholder groups	Page 56
GRI 102-41	Collective bargaining agreements	Not applicable
GRI 102-42	Identifying and selecting stakeholders	Page 56
GRI 102-43	Approach to stakeholder engagement	Page 56
GRI 102-44	Key topics and concerns raised	Page 56
REPORTING PRACTISE		
GRI 102-45	Entities included in the consolidated financial statements	Page 6, 146 to 147
GRI 102-46	Defining report content and topic Boundaries	Page 48
GRI 102-47	List of material topics	Page 48 & 57
GRI 102-48	Restatements of information	Not applicable
GRI 102-49	Changes in reporting	No restatement during the year
GRI 102-50	Reporting period	Page 49
GRI 102-51	Date of the most recent report	Page 49
GRI 102-52	Reporting cycle	Page 49
GRI 102-53	Contact point of questions regarding the report	Page 49
GRI 102-54	Claims of reporting in accordance with the GRI Standards	Page 48
GRI 102-55	GRI content index	Page 73 to 74
GRI 102-56	External assurance	Conducted by Sustainability Committee and approved by the Board

GRI STANDARDS CONTENT INDEX

GRI 102-55

GRI Standards	Disclosures	Page Reference
TOPIC: ECONOMIC PERFORMANCE		
GRI 103-1	Explanation of the material topic and its Boundary	Page 58 & 59
GRI 103-2	The management approach and its components	Page 58 & 59
GRI 103-3	Evaluation of the management approach	Page 58 & 59
GRI 201-1	Direct economic value generated and distributed	Page 59
TOPIC: PROCUREMENT PRACTICES		
GRI 103-1	Explanation of the material topic and its Boundary	Page 60 & 61
GRI 103-2	The management approach and its components	Page 60 & 61
GRI 103-3	Evaluation of the management approach	Page 60 & 61
GRI 204-1	Proportion of spending on local suppliers	Page 61
TOPIC: ENERGY		
GRI 103-1	Explanation of the material topic and its Boundary	Page 63
GRI 103-2	The management approach and its components	Page 63
GRI 103-3	Evaluation of the management approach	Page 63
GRI 302-1	Energy consumption within the organisation	Page 63
TOPIC: ENVIRONMENTAL COMPLIANCE		
GRI 103-1	Explanation of the material topic and its Boundary	Page 62
GRI 103-2	The management approach and its components	Page 62
GRI 103-3	Evaluation of the management approach	Page 62
GRI 307-1	Non-compliance with environmental laws and regulations	Page 62
TOPIC: OCCUPATIONAL HEALTH AND SAFETY		
GRI 103-1	Explanation of the material topic and its Boundary	Page 64 & 65
GRI 103-2	The management approach and its components	Page 64 & 65
GRI 103-3	Evaluation of the management approach	Page 64 & 65
GRI 403-1	Workers representation in formal joint management-worker health and safety committees	Page 66
GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	Page 66
TOPIC: TRAINING AND EDUCATION		
GRI 103-1	Explanation of the material topic and its Boundary	Page 67
GRI 103-2	The management approach and its components	Page 67
GRI 103-3	Evaluation of the management approach	Page 67
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Page 68

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of MGB Berhad ("**MGB**" or "**the Company**") recognises the importance of good corporate governance and emphasises in instilling and maintaining a high standard of corporate governance within MGB and its subsidiaries ("**MGB Group**" or "**the Group**"). The Board is committed to protect the interests of all its stakeholders by conforming to good corporate governance practices including greater transparency and sustainable disclosure.

The Board is pleased to report that this statement set out the extent of the Group's compliance with the recommendations of Malaysian Code on Corporate Governance ("**MCCG**") for the financial year ended 31 December 2020 ("**FY2020**"). During the year under review, MGB has adopted 28 out of the 36 practices including 1 step up. This Corporate Governance Overview Statement is to be read together with the Corporate Governance Report 2020 ("**CG Report 2020**"), cogent explanation for each departed Practice, the alternative measures in place during the year which is accessible at MGB's corporate website at www.mgbgroup.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board of Directors

MGB continues to be led by an experienced, competent and diversified Board that is made up of Directors with appropriate competencies, knowledge, skills and experience from diverse sectors and backgrounds. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitates the discharge of the Board's statutory and fiduciary duties and responsibilities.

The Board assumes, amongst others, the following roles and responsibilities:

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee the conduct and performance of the Group's businesses;
- to identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to oversee the development and implementation of shareholder communication policy/practice for the Group; and
- to review the adequacy and the integrity of the Group's management information and internal control system.

To assist the Board in discharging its duties, certain responsibilities have been delegated to Board Committees to ensure there is independent oversight of internal control and risk management, executive remuneration and Board appointment as well as investment/corporate proposals and strategic direction.

The Board has established several Committees to exercise oversight in specific areas such as Audit Committee ("**AC**"), Nomination and Remuneration Committee ("**NRC**") and Risk Management Committee ("**RMC**"), which have specific responsibilities with authority to act on behalf of the Board as mandated in their respective clearly defined Terms of Reference ("**TOR(s)**").

The Board and Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Committees when required. Each Board Committee will review, report and make recommendation to the Board during the Board meeting on matters relevant to their roles and responsibilities. The Chairman of the respective Board Committee will provide highlights to the Board and the minutes of the respective Board Committees' meetings will also be tabled at the Board meetings to keep the Board abreast of the decision and deliberation made by each Board Committee. The ultimate responsibility for decision making lies with the Board.

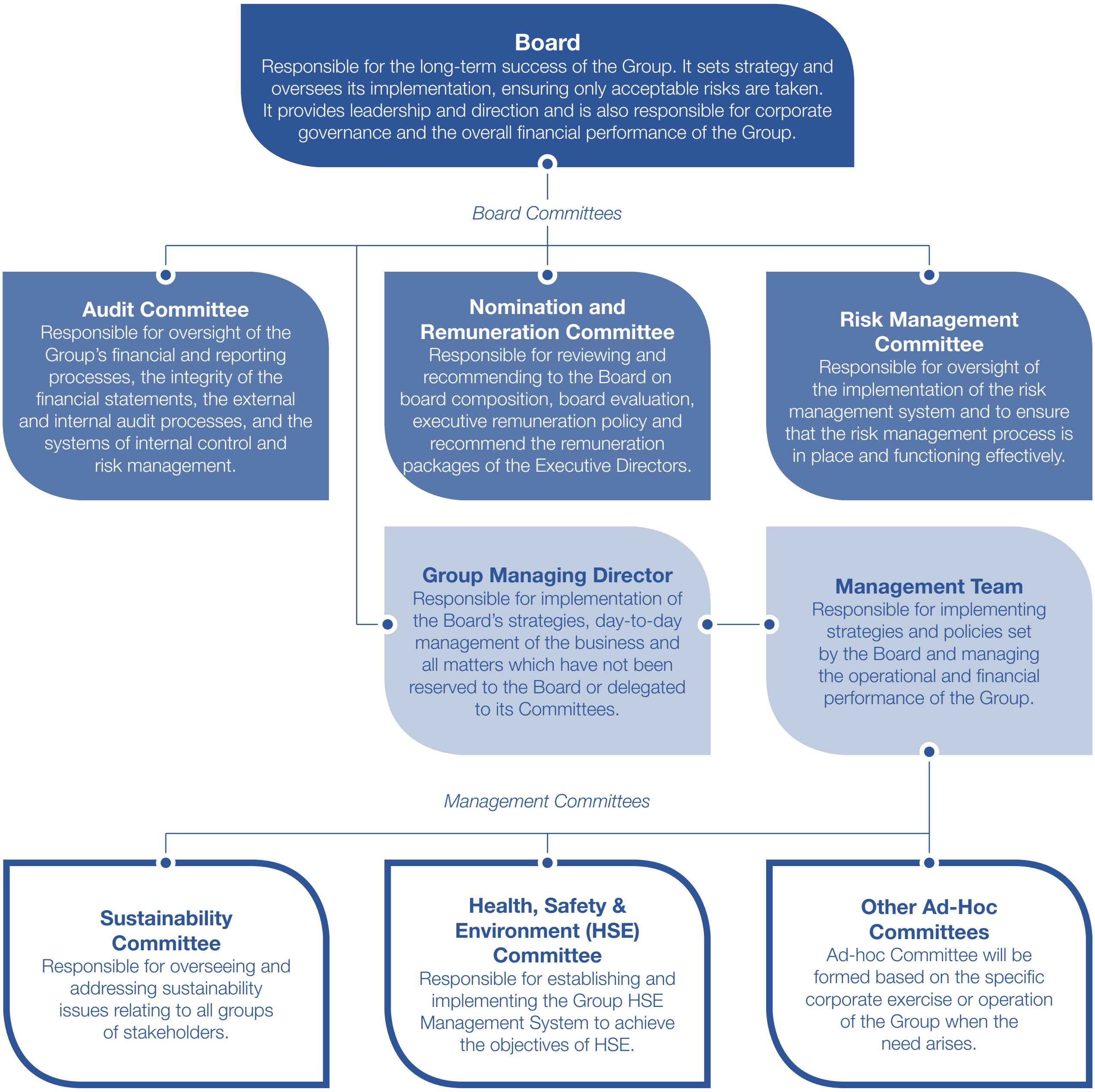
CORPORATE GOVERNANCE OVERVIEW STATEMENT

I. BOARD RESPONSIBILITIES (cont'd)

Board of Directors (cont'd)

The Board delegates the authority and accountability of the business operations of the Group to the Management Team led by the Executive Director & Chief Executive Officer ("**CEO**") who reports periodically to Group Managing Director, Board and Board Committees. The Management Team is responsible for assisting the CEO in implementing the policies and procedures adopted by the Board to achieve the Group's objectives. The Management Team would be invited to attend the Board and Board Committees' Meetings as and when necessary, to furnish with explanations and comments on the relevant agenda items tabled at the meetings or to provide clarification on issue(s) that may be raised by the Directors.

The following diagram shows an overview of the responsibilities of the Board, Board Committees and Management Team of the Company:



I. BOARD RESPONSIBILITIES (cont'd)

Chairman of the Board and Group Managing Director

The Board practices a clear demarcation of duties between the Chairman and Group Managing Director to ensure a balance power and authority in the Board. This segregation ensures an explicit distinction between the Chairman's responsibility to manage the Board and the Group Managing Director's responsibility to manage the Company's business. The positions of the Chairman and Group Managing Director are held separately by Dato' Abdul Majit bin Ahmad Khan and Tan Sri Dato' Sri Lim Hock San, JP respectively.

Dato' Abdul Majit bin Ahmad Khan, as the Chairman of the Board is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board.

Tan Sri Dato' Sri Lim Hock San, JP, as the Group Managing Director has the overall responsibilities over the Group's operation, organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group and the Board's policies, decisions, consideration and approval. He is also responsible for determination of strategic direction of the Group.

The clear separation of roles of the Chairman and Group Managing Director provides a healthy, independent and professional relationship between the Board and the Management.

Senior Independent Non-Executive Director

The Board has appointed Mr Chin Sui Yin as the Senior Independent Non-Executive Director effective 31 January 2017, who acts as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders.

Company Secretaries

The Board is supported by the Company Secretaries who are qualified under the Companies Act, 2016. The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate governance through continuous training. The Company Secretaries advise and regularly update the Board on corporate governance related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as Board policies and procedures.

The Board has unrestricted direct access to the services of the Company Secretaries to enable them to discharge their duties and responsibilities effectively. The Company Secretaries attends all the Board and Board Committees' meetings and facilitates the communications of decisions made and policies set by the Board to the Management Team for action.

Board Meetings

The Board meets at least five (5) times a year. A pre-scheduled of the Board, Board Committees and General meeting of the year under review were circulated to all the Board members at the beginning of each financial year to facilitate the Directors to plan their schedules. Additional meetings are held as and when necessary to consider and deliberate specific issues that require expeditious review or consideration in between the scheduled meetings.

During the FY2020, a total of five (5) Board Meetings were held. The attendance of each Director at the Board Meetings is tabulated as below: -

Directors	Number of Meetings held during tenure in office	Attendance	Percentage
Dato' Abdul Majit bin Ahmad Khan	5	5/5	100%
Tan Sri Dato' Sri Lim Hock San, JP	5	5/5	100%
Datuk Wira Lim Hock Guan, JP	5	5/5	100%
Datuk Lim Lit Chek	5	5/5	100%
Mr Lim Kim Hoe	5	5/5	100%
Dato' Beh Hang Kong	5	5/5	100%
Mr Chin Sui Yin	5	5/5	100%
Puan Nadhirah binti Abdul Karim	5	5/5	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

I. BOARD RESPONSIBILITIES (cont'd)

Board Meetings (cont'd)

The proceedings of Board Meetings are conducted in accordance with a structured agenda together with comprehensive management reports and supporting information which are furnished to the Directors in advance for the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting. All Directors have full and unrestricted access to the advice and services of the Management Team, Company Secretaries, Internal Auditors and External Auditors in the furtherance of their duties. When necessary, the Board may seek independent professional advice on specific matters to enable the Board to discharge its functions in the decision-making process at the Company's expenses.

Notices on the closed periods for dealings in the securities of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance whenever the closed period is applicable. The Directors are required to make an immediate declaration if they have any interest in transactions to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting or as soon as practicable after they become aware of the conflict of interest. As interested parties, they must also abstain from participating in the deliberation and Board decision on the matter.

In the intervals between Board Meetings, any matters requiring urgent Board's decisions or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made and the same for the Board Committees.

The Board was apprised on how COVID-19 pandemic impacted the Group. The COVID-19 pandemic has also changed the manner on how the Board and Management carry out daily affairs where more activities are being conducted online, including matters relating to strategic conversation, high level decision making, financial and governance. As such, two (2) out of total of five (5) Board meetings were held virtually via video-conference during the year. In discharging their responsibilities during each Board and Committee meeting, the Directors were inquisitive in the quest for better understanding of items being discussed, vocal during discussions and judicious in the decision-making process. They were impartial in their views with the Company's and stakeholders' best interest at the forefront of every major decision.

The Directors' commitment in discharging their duties and responsibilities is reflected in their attendance at Board and Board Committee meetings held during the year under review. The overall percentage of all Board meetings attended by the Directors during the year under review was 100%. The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities.

Board Charter

The Board has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities. It also serves as a source of reference and primary induction document in providing insights to the newly appointed Directors.

The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations. The Board Charter is available at the Company's corporate website.

Code of Conduct and Business Ethics

The Group's Code of Conduct and Business Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from the Directors and employees of the Group.

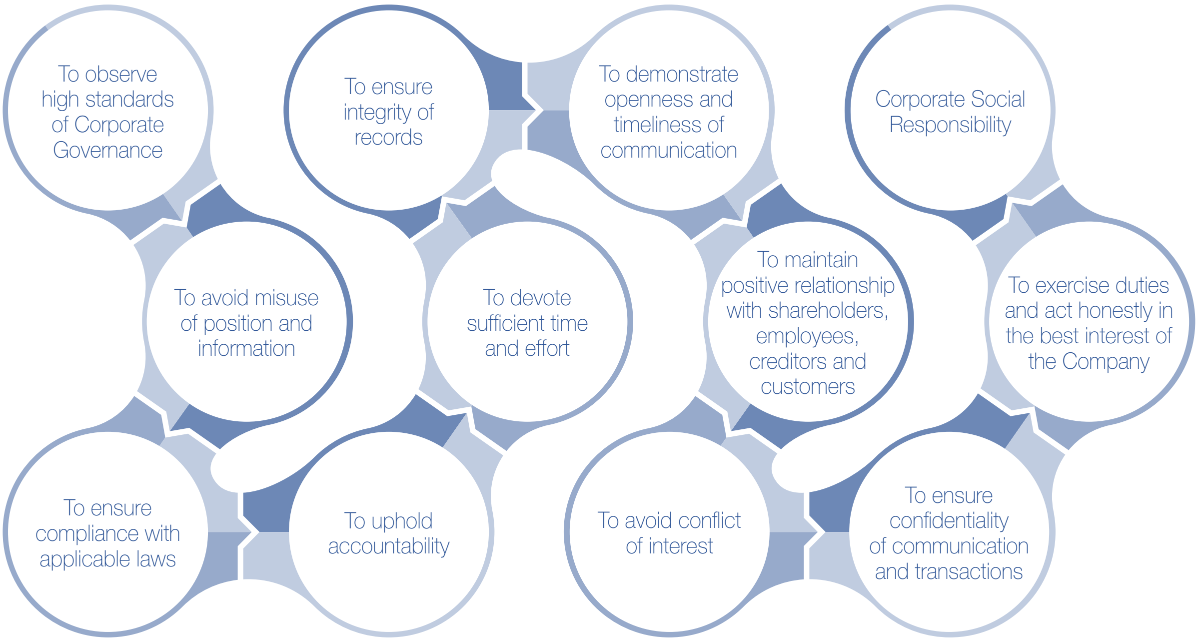
I. BOARD RESPONSIBILITIES (cont'd)

Code of Conduct and Business Ethics (cont'd)

Directors' Code of Conduct

The Board in discharging its function besides observing the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act, 2016 and MCCG, has adopted its Directors' Code of Conduct which sets out twelve (12) principles as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.

Board members are required to observe the Directors' Code of Conduct as follows:



The Board will review the Directors' Code of Conduct as and when necessary to ensure it remains relevant and appropriate. The Directors' Code of Conduct is available on the Company's corporate website.

Business Ethics

Employees are also expected at all times to maintain the highest standards of professionalism and integrity. The Company has set out various policies and procedures in relation to the code of conduct for the Directors and employees, such as: -

CORPORATE GOVERNANCE OVERVIEW STATEMENT

I. BOARD RESPONSIBILITIES (cont'd)

Whistleblowing Policy

Mechanisms to report unethical conducts are encapsulated in the Whistleblowing Policy. The Board believes in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible and transparent manner. To address this concern, the Company had a whistleblowing policy with the aim of providing an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided under the policy and to provide protection for employees and members of the public who report such allegations.

The Whistleblowing Policy is available on the Company's corporate website.

Anti-Bribery and Corruption Policy ("ABC Policy")

The Board is committed to promote good corporate governance culture which reinforces ethical, fairness and professional behaviour in conducting business. As a continuing effort in assuring that business is conducted ethically, the Board has adopted ABC Policy which recognised a zero tolerance approach against all forms of bribery and corruption within the Group and remains committed to comply with all applicable laws and regulations govern the Company's business and operation to the highest standards of ethical conduct and integrity, professionally and fairly.

The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC Policy is available on the Company's corporate website.

II. BOARD COMPOSITION

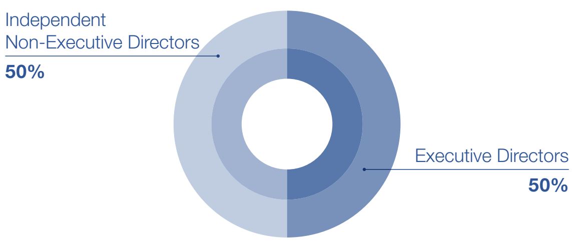
Composition of the Board

The Board had eight (8) members comprising four (4) Independent Non-Executive Directors and four (4) Executive Directors. The Board, through the NRC, reviews annually the size and composition of the Board and each Board Committee, and the skills and core competencies of its members, to ensure an appropriate balance and diversity of skills and experience.

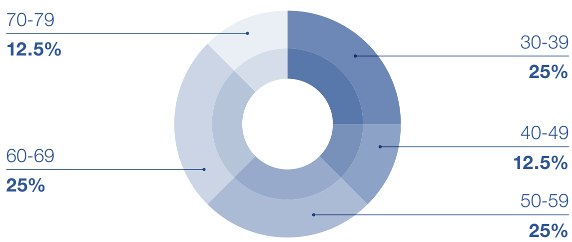
All Board members are persons of high integrity and calibre, exercise independent judgement at all times and have diverse professional backgrounds, sound knowledge and understanding of the Company's business. The Board is of the view that current established composition allows a breadth of perspective to be shared by its members and is considered optimal for MGB's size and operations.

Directors are required to notify the Chairman before accepting any new directorships and to indicate the time expected to be spent on their new appointment.

BOARD COMPOSITION



AGE COMPOSITION



BOARD SKILLS AND EXPERIENCE

II. BOARD COMPOSITION (cont'd)

Independence

The Board is diverse in demographic, skills and experience. The Board comprises 50% of Independent Directors who promote independent judgement and diverse mind-sets and opinions. All Directors are expected to exercise their judgement independently, to act in the best interests of the Company and to exercise unfettered and independent judgement.

The NRC performed annual assessment on the independence and effectiveness of the Independent Non-Executive Directors ("**INEDs**") during the year under review and whether they have met the independence criteria as set out in the Main Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Due consideration was made as to whether the INEDs could continue to bring independent in character and judgement and free from relationships or circumstances which are likely to impair or could appear to impair their objective judgement and ability to act in the Company's best interest. The NRC also agrees that the continuous contribution of the INEDs is beneficial to the Board and the Company as a whole.

Tenure of Independent Directors

The Board recognises the important contribution that independent director makes to good corporate governance. All Directors, regardless of their independent status, are required to act in the best interest of the Company and to exercise unfettered and independent judgement. To date, all four (4) INEDs satisfy the following criteria:

(a) Independent from Management and free from any business or other relationship which could interfere with independent judgement or the ability to act in the best interests of the Company; and

(b) Not involved in the day-to-day operations of the Company other than when collective Board approval.

Pursuant to the Board Charter, the tenure of an independent director should not exceed nine (9) years cumulatively. However, an Independent Director who has served the Company beyond nine (9) years may, subject to NRC's recommendation and shareholders' approval, continue to serve the Company in the capacity of Independent Director.

None of the Independent Director's tenure has exceeded a cumulative term of nine (9) years for the FY2020.

Appointment of Director and Senior Management

The NRC maintains a formal and transparent procedure for the selection and recruitment of new Directors. The criteria for selection would include but not be limited to the candidates' skills, knowledge, expertise, experience, professionalism and integrity. The Board will use independent sources or search firms to identify suitably qualified candidates, instead of relying solely on the existing Board, management or major shareholders should the need arise.

The appointment of senior management of the Company is based on merit and with due regards for diversity in skills, experience, age and gender.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. Currently, the Group does not adopt any formal gender diversity policy in the selection of new Board candidates and does not have specific policies on setting target for female candidates in the workforce. The evaluation of the suitability of candidates as the new Board member or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender.

The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. Puan Nadhirah binti Abdul Karim was appointed as INED on 1 February 2019, which has improved the women representation on the Board and testified to the Group's commitment on gender diversity.

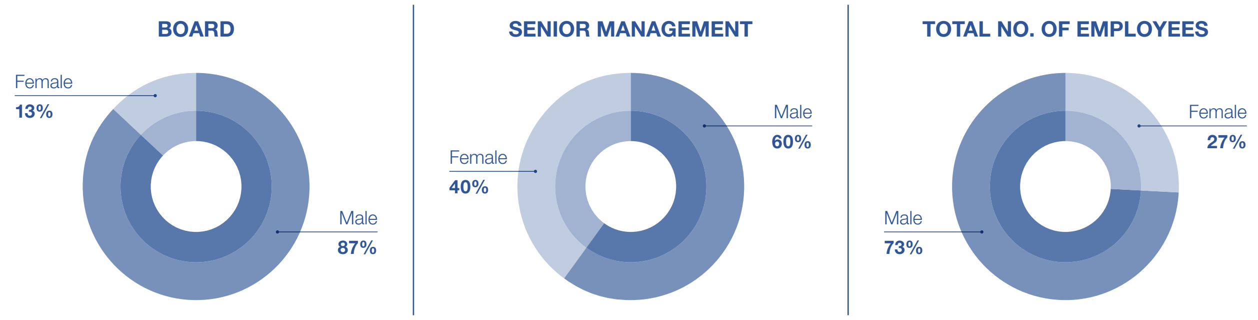
CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. BOARD COMPOSITION (cont'd)

Boardroom Diversity (cont'd)

The NRC has empowered by the Board to review and evaluate the composition and performance of the Board annually as well as assessing qualified candidates to occupy Board positions. In executing its role to create and maintain a diverse Board, the NRC adheres to the recruiting and sourcing process that seeks to include diverse candidates in any director search. The NRC, also assesses the appropriate mix of diversity including gender, age, skills, experience and expertise required on the Board and address gaps, if any.

Gender Composition as at 31 December 2020



Directors' Training and Induction

For newly appointed Director, a formal letter detailing the general duties and obligations as a Director pursuant to the relevant legislations and regulations will be given. The new Director will also be provided with printed materials relating to the roles and responsibilities of a director, the Group's principal businesses, corporate governance practices, company policies and procedures as well as a board meeting calendar for the year.

The Company Secretaries would lead a comprehensive induction programme for newly appointed Director. The induction programme includes meetings with various key executives of the Management. The programme also includes briefing by the Company Secretaries on the Company's board processes, internal controls and governance practices and by the Management Team on key areas of the Company's operations.

All Directors are also provided with updates and/or briefings from time to time by professional advisers, consultants, Management and the Company Secretaries in areas such as corporate governance practices, relevant legislations and regulations and financial reporting standards. The Company Secretaries has periodically informed the Directors of the availability of appropriate courses, conferences and seminars. The Directors are encouraged to attend such training at the Company's expense.

Details of training/seminars/conference attended by the Board members in the FY2020 are listed as follows:

Name of Director	Training/Seminars/Conference Attended
Dato' Abdul Majit bin Ahmad Khan	• Data Driven Decision in Integrated Value Chain Creation • Key Disclosures Obligations of a Listed Company • Anti-Money Laundry • Digitalization – The Transformation of Business
Tan Sri Dato' Sri Lim Hock San, JP	• Digitalization – The Transformation of Business
Datuk Wira Lim Hock Guan, JP	• Digitalization – The Transformation of Business

II. BOARD COMPOSITION (cont'd)

Directors' Training and Induction (cont'd)

Name of Director	Training/Seminars/Conference Attended
Datuk Lim Lit Chek	• Grit & Grace 2020 (1st) • Grit & Grace 2020 (2nd) • Digitalization – The Transformation of Business
Mr Lim Kim Hoe	• Grit & Grace 2020 (1st) • Grit & Grace 2020 (2nd) • Digitalization – The Transformation of Business
Mr Chin Sui Yin	• Digitalization – The Transformation of Business
Dato' Beh Hang Kong	• Digitalization – The Transformation of Business
Puan Nadhirah binti Abdul Karim	• National Tax Seminar 2020 • Impact of COVID-19 on Impairment of Non-Financial and Financial Assets and Going Concern Assessment • Digitalization – The Transformation of Business

Nomination and Remuneration Committee

The composition of the NRC is in compliance with the requirements of Paragraph 15.08A(1) of the Listing Requirements of Bursa Securities, which provides that the NRC must comprise exclusively of non-executive directors and majority of whom are independent directors. The NRC is chaired by an Independent Director which is in line with Practice 4.7 of MCCG.

The NRC currently comprises three (3) Independent Non-Executive Directors:

(a) Chairman - Dato' Abdul Majit bin Ahmad Khan
(Independent Non-Executive Chairman)

(b) Members – Mr Chin Sui Yin
(Senior Independent Non-Executive Director)

(c) Members – Dato' Beh Hang Kong
(Independent Non-Executive Director)

A summary of the activities of the NRC in discharging its duties for the FY2020 is as follows:

(1) reviewed the composition of the Board in respect of its structure, size and the required mix of skills and experience;
(2) assessed the independence of Independent Directors;
(3) assessed and evaluate the Board, Board Committees and the individual directors;
(4) reviewed and recommended the re-election of directors retiring by rotation and re-appointment of director at the Annual General Meeting ("**AGM**") of the Company; and
(5) reviewed and recommended remuneration package of Executive Directors;
(6) reviewed and recommended the changes to the composition of Risk Management Committee; and
(7) reviewed and recommended the salary reduction of Executive Directors and Senior Management (Grade GM1 and above).

All proceedings of the NRC meetings were duly recorded in the minutes of each and signed minutes of each NRC meeting were properly kept by the Company Secretaries. Minutes of the NRC meeting were tabled for confirmation at the following NRC meeting, after which that were presented to the Board for notation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. BOARD COMPOSITION (cont'd)

Board Annual Assessment

The annual assessment of the Board, its Board Committees and each individual Directors was caried out by the Board through the NRC and facilitated by the Company Secretaries. The assessment evaluates the performance as well as identifying any gaps or areas of improvement, where required. Every year, formal assessment is undertaken to assess the effectiveness of the following:

(a) The Board as a whole and the Board Committees;
(b) Contribution of each individual Director; and
(c) Independence of Independent Directors.

The assessment was conducted internally based on questionnaire, focusing on maximizing the effectiveness and performance of the Board. In order to encourage open and frank evaluations, the evaluation process was managed by the Company Secretaries, who had forwarded the questionnaire to each Director, as well as collated the duly completed forms from the Directors.

During the year under review, the Board was satisfied that the Board members have discharged their functions, duties and responsibilities in accordance with its Board Charter and respective TORs. The results of the assessment was presented to the Board at the Board meeting where the Board noted the findings and areas that necessitated further improvements.

Directors' Re-Election and Re-Appointment

Taking into consideration on the Article 90 of the Company's Constitution, the Directors' rotation list was presented to the NRC for endorsement prior to recommendation to the Board. In assessing the candidates' eligibility for re-election, the NRC considers their competencies, commitment, contribution and their ability to act in the best interest of MGB.

The Board at its meeting held in February 2021, endorsed the recommendation of the NRC for the following Directors to be considered for re-election pursuant to Article 90 of the Company's Constitution at the forthcoming 19th Annual General Meeting ("**19th AGM**"):-

- Dato' Abdul Majit bin Ahmad Khan
- Datuk Wira Lim Hock Guan, JP
- Puan Nadhirah binti Abdul Karim

In considering any new appointments to the Board, the Board through the NRC takes into account corporate leadership skills, background, core competencies such as industry knowledge and experience required to advance the strategic direction of the Company. The NRC ensures that the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in keeping with the highest standards of governance.

III. REMUNERATION

Directors' Remuneration

The Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. In the case of the Executive Directors, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Independent Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Independent Director concerned.

The remuneration of the Directors for the FY2020 is set out below: -

(a) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable from the Company during the FY2020 are as follows: -

	Fees (RM)	Salaries, Bonuses, Allowances & Other Emoluments (RM)	Benefits-In-Kind (RM)
Non- Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	40,880	6,750	-
Mr Chin Sui Yin	35,280	6,600	-
Dato' Beh Hang Kong	29,680	5,600	-
Puan Nadhirah binti Abdul Karim	29,680	5,300	-
Executive Directors			
Tan Sri Dato' Sri Lim Hock San, JP	-	-	-
Datuk Wira Lim Hock Guan, JP	-	-	-
Datuk Lim Lit Chek	-	-	-
Mr Lim Kim Hoe	-	-	-
Total	**135,520**	**24,250**	**-**

(b) The details of the Directors' remuneration (including benefits-in-kind) for each Director received/receivable from the Group during the FY2020 are as follows: -

	Fees (RM)	Salaries, Bonuses, Allowances & Other Emoluments (RM)	Benefits-In-Kind (RM)
Non- Executive Directors			
Dato' Abdul Majit bin Ahmad Khan	40,880	6,750	-
Mr Chin Sui Yin	35,280	6,600	-
Dato' Beh Hang Kong	29,680	5,600	-
Puan Nadhirah binti Abdul Karim	29,680	5,300	-
Executive Directors			
Tan Sri Dato' Sri Lim Hock San, JP	-	662,238	24,600
Datuk Wira Lim Hock Guan, JP	-	441,419	33,406
Datuk Lim Lit Chek	-	924,707	80,551
Mr Lim Kim Hoe	-	646,359	56,762
Total	**135,520**	**2,698,973**	**195,319**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION (cont'd)

Remuneration of Key Management

The remuneration philosophy reflects the Group's commitment to be aligned with the best practices in the areas of remuneration, retention and reward to ensure that the Group attracts and retains exceptional talent.

The Board acknowledges the recommendation of MCCG to disclose the remuneration of top five (5) senior management on a named basis in bands of RM50,000. However, the Board considered the confidential and commercial sensitivities related with Key Management remuneration matters and the highly competitive human resource environment which being involved, it is important to ensure the stability and continuity of the business operations with a competent and experienced Executive team in place.

At this particular juncture, the Board is of opinion that the disclosure be made on the following aggregate basis which allows stakeholders to make an appreciable link between remuneration of Key Management and the performance of the Group.

Name	Salaries, Bonuses, Allowances & Other Emoluments	Benefits-In-Kind	Total
Top five (5) Key Management Remuneration	91%	9%	100%
	95%	5%	100%
	96%	4%	100%
	100%	0%	100%
	98%	2%	100%
Total amount paid/payable during FY2020	**RM1,768,000**		

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The current AC composition is in compliance with Paragraph 15.09(1)(b) of the Listing Requirements of Bursa Securities and Practice 8.4 of MCCG where all four (4) AC members are INEDs.

The Chairman of the AC, Mr Chin Sui Yin is not the Chairman of the Board and all members of the AC are financially literate and are able to analyse and interpret financial statements in order to effectively discharge their duties and responsibilities as members of the AC.

The AC has a policy that requires a former key audit partner to observe a cooling-off period of two (2) years before being appointed as a member of the AC and such practise was formalised and incorporated in the TOR of the AC.

Assessment of Suitability and Independence of External Auditors

The shareholders of the Company had on 24 July 2020, during the 18th AGM of the Company approved the re-appointment of Messrs UHY ("**UHY**") as the External Auditors of the Company for FY2020. Through the AC, the Company maintains a professional and transparent relationship with UHY. The AC met the external auditors once a year without the presence of the Management during the financial year to review the scope and adequacy of the Group's audit process, financial results, annual financial statements and audit findings. At the meeting, the external auditors highlighted to both AC and the Board on matters that warranted their attention.

I. AUDIT COMMITTEE (cont'd)

Assessment of Suitability and Independence of External Auditors (cont'd)

In the FY2020, the AC has formalised an External Auditors Policy to outline the guidelines and procedures for the AC to assess the suitability and independence of External Auditors and to monitor the external auditors. The External Auditors Policy is available at the Company's corporate website.

An annual assessment on UHY was conducted by AC in May 2021 and the AC was satisfied with the performance of UHY and has recommended to the Board to put forth the proposal for re-appointment of UHY as External Auditors of the Company for financial year ending 31 December 2021 to the shareholders for approval at the forthcoming 19th AGM.

In terms of independence, the AC obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management Framework

The Board is aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.

RMC has been tasked to conduct assessment of risks for MGB Group. RMC reports to the AC on the semi-annually or as and when necessary. Further details on risk management are provided under the Statement on Risk Management and Internal Control in this Annual Report.

Having reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the FY2020, the Board is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred as a result of internal control weakness or adverse compliance events.

Internal Audit

The outsourced Internal Audit function is in place to assist the Board in ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. The Internal Audit function, which reports directly to the AC, is responsible to conduct reviews on the system of internal controls and the effectiveness of the processes that are in place to identify, evaluate, manage and report risks.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognised the importance of effective communications with the Company's Shareholders and other stakeholders including the general public. Information on the Group's business activities and financial performance are disseminated timely through AGM, announcements to Bursa Securities, postings on the Company's corporate website, press releases, issuance of the Annual Report and online social networking.

The Board is committed to maintain open channels of communication by continuous disclosure and dissemination of comprehensive and timely information of the Company in its best effort to strengthen its relationship with shareholders and stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. CONDUCT OF GENERAL MEETINGS

Shareholders Participation at General Meetings

The AGM is the principal of open dialogue with the shareholders. The notice and agenda of our AGM together with proxy form were given to shareholders, not less than 28 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxies to attend and vote on their behalf.

At the Company's 18th AGM, shareholders and proxies were encouraged to express their views or raise questions in relation to the Group's financial performance and business operations. All Directors who are also Chairman of AC, NRC and RMC were present in person to engage directly with the shareholders. The Group's senior management, External Auditors and Company Secretaries were also present and available to answer queries or issues raised by the shareholders relating to Group's financial performance and business operations.

FUTURE PRIORITIES

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report 2020.

This statement together with the CG Report 2020 were approved by the Board on 3 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2020.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2020, MGB Group paid a total of RM315,700 to the Company's External Auditors, Messrs UHY ("**UHY**") and their affiliates companies for audit and non-audit services. The details of the payments are set out below:

	Company RM	**Group RM**
Audit Fees	77,000	254,000
Non-Audit Fees		
- UHY	23,000	26,000
- Affiliates of UHY	3,200	35,700
Total	**103,200**	**315,700**

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by MGB Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

The Board of Directors of MGB Berhad ("**Board**") presents the Audit Committee Report which provides the insights into the manner in which the Audit Committee discharged its duties and functions for the Group for the financial year 2020.

COMPOSITION AND ATTENDANCE

The Audit Committee ("**AC**") comprises four (4) members, all of them are Independent Non-Executive Directors ("**NEDs**"). All of the Independent NEDs satisfy the test of independence under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**"). The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the MMLR and Step Up Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance.

During the financial year 2020, the AC held five (5) meetings. The details of the membership and record of attendance of these meetings are as follows:

Committee Member	Number of Meetings held during tenure in office	Attendance	Percentage
Mr Chin Sui Yin *Chairman, Senior Independent Non-Executive Director*	5	5	100%
Dato' Abdul Majit bin Ahmad Khan *Member/Independent Non-Executive Director*	5	5	100%
Dato' Beh Hang Kong *Member/Independent Non-Executive Director*	5	5	100%
Puan Nadhirah binti Abdul Karim *Member/Independent Non-Executive Director*	5	5	100%

The AC Chairman, Mr Chin Sui Yin, is a Fellow Member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a Member of the Malaysian Institute of Accountants. Puan Nadhirah binti Abdul Karim is also a Member of Malaysian Institute of Accountants. Hence, the Company has complied with Paragraph 15.09(1)(c)(i) of MMLR.

REVIEW OF THE AUDIT COMMITTEE

The Board, via Nomination and Remuneration Committee had reviewed and evaluated the performance and effectiveness of the AC during the financial year. Based on the evaluation, the Board is satisfied that the AC has effectively performed all their functions, duties and responsibilities in accordance with its Terms of Reference and supported the Board in ensuring the Group upholds appropriate standards of corporate governance.

MEETINGS

The Management, Head of Accounts & Finance, External Auditors and Internal Auditors, where necessary, were invited to attend AC meetings to provide explanations and answer queries. Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently tabled to the Board for notation. The AC Chairman reports to the Board on activities undertaken and key recommendations for the Board's consideration and decision.

As part of the AC's efforts to ensure the reliability of the quarterly financial results and their compliance with applicable Financial Reporting Frameworks, the External Auditors, Messrs UHY ("**UHY**") was engaged to conduct a limited review on the quarterly financial results before they were presented to the AC for review and recommendation for the Board's approval.

TERMS OF REFERENCE OF AC

The Terms of Reference of the AC is available on the Company's corporate website at www.mgbgroup.com.my.

SUMMARY OF ACTIVITIES OF THE AC

The summary of the activities of the AC in discharging its functions and duties during the financial year were as follows:-

1. Financial Reporting

- Reviewed the quarterly financial results of the Company and the Group with Management for recommendation to the Board for approval and release to Bursa Malaysia Securities Berhad.
- Reviewed the audited financial statements of the Company and the Group with the External Auditors and Management and recommended to the Board for approval and subsequent tabling at the annual general meeting of the Company.

2. External Audit

- Reviewed and approved the External Auditors' scope of work and annual audit plan prior to the commencement of the annual audit.
- Assessed and evaluated the performance, independence and suitability of the External Auditors for their re-appointment and made recommendation to the Board. The assessment was undertaken with written assurance from the External Auditors of their independence. The AC was satisfied with the performance of UHY and recommended to the Board the re-appointment of UHY as External Auditors of the Company. A resolution for their re-appointment will be tabled for approval at the annual general meeting of the Company.
- Reviewed the audit and non-audit fees of the External Auditors.
- Met with the External Auditors on matters relating to the audit and financial statements without the presence of Management and Executive Directors.

3. Internal Audit

- Reviewed and approved the Internal Audit Plan to ensure the adequacy of the scope and coverage of work.
- Reviewed the audit activities carried out by the Internal Auditors on areas encompassing Machinery/Equipment Inspection and Maintenance Management and Tender Management as well as their relevant risks and audit findings and ensure corrective actions were taken in addressing the risk.
- Monitored the implementation of mitigation actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.

4. Risk Management

- Reviewed the Risk Management Committee's meeting minutes and reports, and deliberated on the principal corporate risks highlighted and the controls to mitigate the risks.
- Reviewed the Risk Assessment Reports on the investments and joint ventures of the Group.

5. Related Party Transactions

- Reviewed the Related Party Transactions ("**RPT**") that arose within the Group to ensure transactions are fair and reasonable to the Company and Group and are not to the detriment of the minority shareholder.
- Reviewed the circular to shareholders in relation to the proposed new shareholders' mandate and renewal of existing shareholders' mandate for Recurrent RPT of a revenue or trading nature before tabling to the Board for recommendation to the shareholders for approval.

AUDIT COMMITTEE REPORT

6. Other Matter

- Reviewed and approved the External Auditors Policy.
- Reviewed and recommended the revised Whistleblowing Policy and Anti-Bribery and Corruption Policy to the Board for approval.
- Reviewed and recommended the Company's Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report, Statement on Risk Management and Internal Control, Recurrent Related Party Transactions and Additional Compliance Information to the Board for approval and inclusion in the annual report.

INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to GovernanceAdvisory.com Sdn Bhd ("**GASB**"), an established external professional internal audit firm, which reports to the AC directly. They assist the AC in reviewing the effectiveness of the internal control systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. Through internal audit review, remedial action can be taken against weaknesses identified in the systems and controls of the respective operating units. The outsourced of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

The internal audit function comprises six (6) audit executives of GASB and led by Mr Wong Tchen Cheg ("**Mr Wong**"), an experienced internal auditor and has been with GASB for approximately six (6) years, having joined in year 2015. Mr Wong is a Member of Malaysia Institute of Accountant (MIA) and CPA Australia. He has more than 15 years' professional experience in providing risk management system and internal controls review service.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. A good practice involves scheduling a routine review of the audit plan with the AC to enable discussions of emerging or changing risks making adjustments to ensure the plan remains relevant. The audit focuses on high risk area to ensure that an adequate action plan has in place to improve the controls in place.

The work of the internal audit function, among others, include:

(a) developed the annual Internal Audit Plan and proposed the plan to the AC;
(b) conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports; and
(c) presented significant audit findings and areas for improvements to the AC for consideration on the recommended corrective measures together with the management's responses.

On half yearly basis, GASB reported to the AC based on the approved scope of work and areas for improvement. A follow-up on previous internal audit reviews were also carried out to ensure that all the agreed recommendations were implemented according to the timeline; and feedback/ update to the AC on the implementation status from the Internal Auditors.

The total costs incurred for the internal audit function in respect of the financial year was RM35,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control for the financial year ended 31 December 2020 is made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Board of MGB Berhad ("**Board**") is committed to maintain and continuously improve the system of risk management and internal control for MGB Berhad and its subsidiaries ("**Group**"), and is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls of the Group during the year under review.

BOARD RESPONSIBILITY

The Board recognises the importance of sound risk management practice and internal controls to safeguards shareholders' investments and Group's assets. The Board affirms its overall responsibility of the Group's system of risk management and internal control, which include establishment of an appropriate control environment and framework, as well as a review of its adequacy and integrity. The Board as such is responsible to determining the nature and extent of the strategic risks that the Group is willing to take to achieve its objectives, whilst in parallel maintaining sound risk management and system of internal control.

The Board tasked the management to identify and assess the risks faced by the Group, and thereafter design, implement and monitor appropriate internal controls to mitigate those risks. The Group has in place systematic application of processes (outlined below) for identifying, evaluating, monitoring and managing significant risks faced by the Group. This process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory, business and external environment. This process is reviewed by the Board via the Audit Committee and Risk Management Committee.

There are inherent limitations to any system of internal control and the system is designed to manage and minimise impact rather than completely eliminate risks that may impact the achievement of the Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

The Directors' Code of Conducts and Business Ethics for directors and employees underpin our commitment to good corporate behavior and are an integral part of the Group's system of corporate governance. The Directors' Code of Conducts and Business Ethics require the directors and employees to act with high standard of business integrity, comply with all applicable laws and regulations, and ensure that business standards are not compromised for the sake of results. Our Directors' Code of Conduct is available on Company's corporate website at www.mgbgroup.com.my.

Based on the assurance provided and routine reviews, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

Audit Committee

As part of the delegated role from the Board, the Audit Committee's ("**AC**") scope includes overseeing the internal control framework to ensure its operational effectiveness and adequacy. The AC assesses the effectiveness and adequacy of internal controls through the results of internal audit carried out by GovernanceAdvisory.com Sdn Bhd ("**GASB**"), an established external professional internal audit firm and the internal control recommendations prepared by the external auditors. All significant and material findings by the internal and external auditors are reviewed by the AC to ascertain that the mitigation plans are implemented by Management on a timely manner to ensure proper upkeep of governance and to safeguard the interest of the Group. Any significant internal control matters deliberated by the AC are brought to the attention of the Board. A summary of key matters discussed by the AC and minutes of AC meetings are presented to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Committee

The Group's Risk Management Committee ("**RMC**") is led by the Executive Director & Chief Executive Officer and comprises a team of senior management, with the overall responsibility for oversees the Group's risk management activities, approving appropriate risk management procedures and measurement methodologies, identification and management of strategic business risks of the Group.

The RMC reassesses and updates its risk profiles and register on a periodical basis. The RMC meets twice a year basis and any additional meetings may be called as and when required. The RMC tables its risk management reports to the AC for review and deliberation at the meetings. All significant and material findings of the risks are reviewed by the RMC to ascertain that the mitigation plans implemented by Management are adequate to safeguard the Group's interest and assets. As for AC, any significant risk-related matters are brought to the attention of the Board for deliberation and approval. A summary of key matters discussed by the RMC and minutes of RMC meetings are presented to the Board too.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

In line with recommendation 9.1 of the Malaysian Code on Corporate Governance ("**MCCG**"), the Board has established a structured risk management framework to identify, evaluate, control, monitor and report significant business risks faced by the Group, where the updated risk profiles of the Group concerned are tabled to the AC for deliberation and action plans to be taken by the Management in mitigating the risks. The Enterprise Risk Management Framework ("**ERM Framework**"), which was approved by the Board in February 2019 consist of the following four (4) crucial components: -

Risk Identification

Risk assessments are undertaken by Risk Management Department together with the Head of Departments ("**HODs**") to identify and update risks profile in terms of likelihood of exposures and impact on the Group's business as well as the management action plans to manage these risks on a continuing basis.

Risk Evaluation

During the financial year, the RMC met three (3) times to deliberate on the significant risk profiles identified by each of the HODs in the Group and business continuity plan relating to COVID-19. Matters deliberated include the new and revised risk profiles, control procedures and status of management action plans as well as mitigation plans for handling the COVID-19 issues for the project sites, factory and headquarter.

Risk Treatment

The significant risk issues evaluated by the RMC are discussed at AC meetings. The AC reviews the Group's risks profile and effectiveness of the mitigating measures or management action plans that implemented by Management and reports to the Board.

Risk Monitoring and Review

The RMC oversees the assessment of processes relating to the Group's risk management and internal control system and ensures the Management has implemented and follows a robust risk management framework. Its principal roles and responsibilities are as follows: -

(a) provide semi-annual reporting and update on the operations based on the ERM Framework to the AC and the Board;
(b) review Enterprise Risk Profile for effectiveness of management of risks;
(c) evaluate any new risks identified by the HODs and follow-up on management action plans; and
(d) ensuring that strategic business risks are considered.

The risk management framework outlines the Group's risk management system, defines management's responsibilities via risk accountability structure and reporting structure, and sets the Group's risk appetite and risk tolerance.

KEY INTERNAL CONTROL PROCESSES

The Board and Management have taken various steps to establish a control environment that covers integrity and ethical values of the Group, the governance structure at both the Board and Management level that would allow the discharge of their respective duties and assignment of authority and responsibility. Some of the key elements of the Group's system of internal control comprises the following:-

Business Continuity Plan COVID-19

During the year under review, the Group has established the Business Continuity Plan COVID-19 ("**BCP**") and Management Guidelines COVID-19 to mitigate the spread and impact of the COVID-19 to the operations and business of the Group. The objectives of the BCP including but not limited to provide strategic and operational guidance for the Group in the continuing, unfolding the pandemic created by the COVID-19 as well as to describe the manner for the Group to continue work during the COVID-19 pandemic.

The Management Guidelines on the standard of procedures ("**SOP**") in handling the COVID-19 pandemic was formalised in May 2020 to ensure all MGB's employees adhere to the SOP and to prevent the potential risk of spreading the COVID-19. Safety and health measures that were put in place includes daily temperature checks and health declaration via QR code prior to entering the workplace, implementation of Return to Office/Work From Home cycles in order to practice physical distancing in the workplace and encouraging external and business meeting to be held digitally.

Directors' Code of Conduct & Business Ethics

The Group has clearly set out expected behaviors of Directors and employees of the Group through Directors' Code of Conducts and Business Ethics. The Directors' Code of Conducts are available in twelve (12) principles for the Board to ensure high standards of conduct and ethical values in the performance and exercise their responsibilities as Directors of the Company.

Authority Chart and Discretion Power

The Board established Authority Chart and Discretion Power ("**Authority Chart**") in order to smoothen the daily operation of the Group and facilitate the management process. The Authority Chart provides a clearly defines and specifies the authority levels for personnel to carry out their assigned responsibilities. The Management, led by the Group Managing Director and the Executive Director & Chief Executive Officer are responsible for the execution of the Group's strategies and day-to-day business. There is a defined organisational structure within the Group. Each department has clearly defined roles and responsibilities, levels of authority and lines of accountability. This includes proper approval and authorisation limits for approving capital expenditure and expenses within the Group. With this, there is an established and effective segregation of duties via independent checks, reviews and reconciliation activities to prevent human errors, fraud and abuses.

Anti-Bribery and Corruption Policy

The Group has adopted a zero-tolerance stance against any form of bribery and corruption in all our dealings and strictly prohibits Directors and employees of the Group from committing any form of bribery and corruption. The Group regards bribery and acts of corruption as serious matters and will apply penalties in the event of non-compliance to the policy. For MGB Personnel, non-compliance may lead to disciplinary action, up to and including termination of employment. For external parties, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that MGB Group's interests have been harmed by the results on non-compliance by individuals and organisations.

Whistleblowing Policy

The Group has established a Whistleblowing Policy which allows internal and external stakeholders to raise concerns without fear of retaliation. The Whistleblowing Policy was revised and approved by the Board during the year under review. The policy outlines the reporting process and available channels, as well as the protection provided to whistleblowers who have raised their concern in good faith and covers the processes by which cases are investigated and acted upon.

The Whistleblowing Policy provide an avenue for employees and third parties with a genuine concern to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner. The Group is committed to investigate any suspected misconduct or breach reported as well as to protect those who come forward to report such activities.

Board Committees

The Board has established several committees to oversee the various functions within the Group which include the AC, Nomination and Remuneration Committee and RMC. These Committees have been delegated with specific duties to review and consider all matter within their scope of responsibility as defined in their respective terms of reference.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GASB. The Internal Auditors supports the AC, and by extension, to the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

The internal audit plan which reflects the identified risks was reviewed and approved by the AC. During the financial year ended 31 December 2020, internal audit visits were carried out based on the approved audit plan, among the key coverage areas were Machinery/Equipment Inspection and Maintenance Management as well as Tender Management which focused on improvement and enhancement of the Standard Operating Policies and Procedures for tendering of projects.

All reports from the internal audit reviews carried out were presented to the AC with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions was verified by Internal Auditors based the agreed timeline and presented to the AC. Based on the internal audit reviews conducted during the financial year, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report and not expected to have any material impact to the financial statements of the Group.

In performing the internal audit review, the Internal Auditors refer to and are guided by The International Professional Practices Framework (IPPF) that includes the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("**AAPG**") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the annual report, issued by the Malaysian Institute of Accountants ("**MIA**") for inclusion in the Annual Report for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in this Annual Report, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraph 41 & 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
(b) is factually not accurate.

AAPG3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board recognises that the risk management and internal control system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. However, the Board, AC and RMC, are committed to maintaining as far as is practical, a sound system of risk management and internal control that is aligned to and reflective of current business needs and can support the achievement of the Group's strategic objectives.

The Board has received reasonable assurance from the Group Managing Director and the Executive Director & Chief Executive Officer that the Group's existing risk management and internal control system is operating adequately and effectively in all material aspects. The Management has also provided the commitment to continuously review and strengthen the risk management and internal control system to ensure its adequacy and robustness.

The Board, after taking into consideration the assurance from the Management and input from relevant assurance providers, is of the view that the Group's risk management and internal control system in place for the financial year under review is generally adequate and effective to safeguard the interest of shareholders and assets of the Group.

This statement was approved by the Board on 3 May 2021.

RECURRENT RELATED PARTY TRANSACTIONS

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2020 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad were as follows: -

Related Party	Nature of Recurrent Transactions	Value of Transactions	Nature of relationship between MGB Group and the Related Party
LBS Bina Group Berhad's ("**LBGB**") group of companies	• Provision and/or receipt of contracts in relation to construction works and property development. • Provision and/or receipt of services in relation to project management, project consultancy and property management. • Supply and/or purchase of construction and building materials.	RM528.23 million	• LBGB is a Major Shareholder of MGB with a shareholding of 59.85% as at 31 December 2020. • Tan Sri Dato' Sri Lim Hock San is the Group Managing Director of both MGB and LBGB. Subsequently, on 1 March 2021 he was re-designated as Executive Chairman of LBGB. He is also a major shareholder of LBGB. • Datuk Wira Lim Hock Guan is an Executive Director of both MGB and LBGB. Subsequently, on 1 March 2021, he was re-designated as Managing Director of LBGB. He is also a major shareholder of LBGB. • Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San. He is also an Executive Director of MGB.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors of the Company are required by the Companies Act 2016 ("**CA 2016**") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs) and the requirements of the CA 2016 in Malaysia. Pursuant to Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing annual financial statements.

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

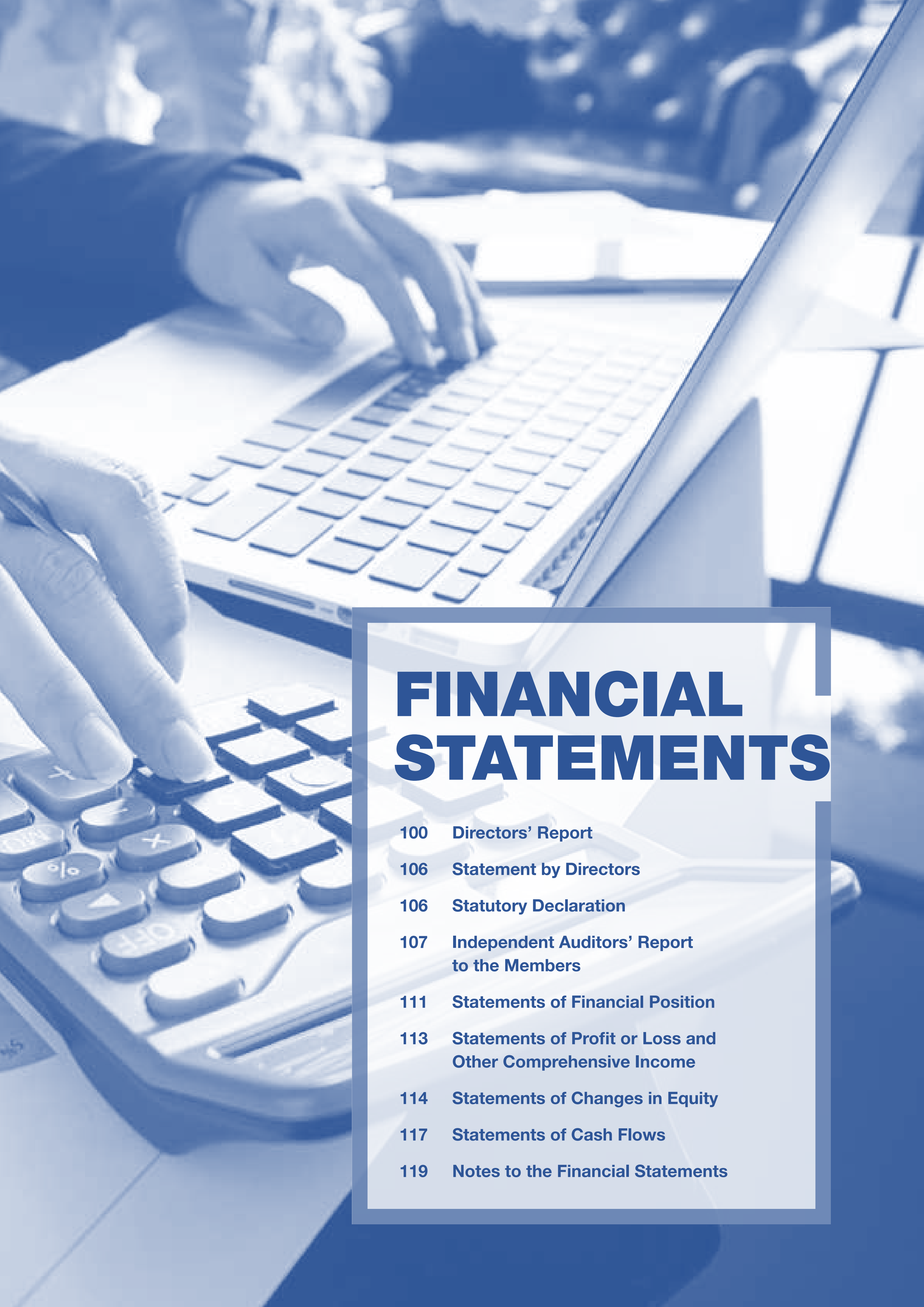
In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors have the responsibility to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

This Statement is approved by the Board of Directors on 3 May 2021.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 9 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	13,583,857	621,535
Attributable to:		
Owners of the parent	13,949,930	
Non-controlling interests	(366,073)	
	13,583,857	

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

As at 31 December 2020, the total number of ICPS in issue is 90,000,000 shares.

The salient terms of ICPS are disclosed in Note 22 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT

DIRECTORS

The Directors of the Company in office since the beginning of the current financial year until the date of this report are:

Dato' Abdul Majit Bin Ahmad Khan, DIMP
Tan Sri Dato' Sri Lim Hock San, PSM, SSAP, DSSA, JP *
Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP *
Datuk Lim Lit Chek, DPSM*
Lim Kim Hoe *
Chin Sui Yin
Dato' Beh Hang Kong, DSIS
Nadhirah Binti Abdul Karim

** Director of the Company and its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are:

Chang Bar Kuei
Fu JianGuo

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 01.01.2020	Bought	Sold	At 31.12.2020
The Company				
Direct interests				
Tan Sri Dato' Sri Lim Hock San	**610,800**	466,000	-	**1,076,800**
Datuk Wira Lim Hock Guan	**1,520,000**	-	-	**1,520,000**
Datuk Lim Lit Chek	**61,894,698**	179,600	-	**62,074,298**
Dato' Beh Hang Kong	**3,147,385**	567,000	-	**3,714,385**
Indirect interests				
Tan Sri Dato' Sri Lim Hock San [1]	**300,771,329**	2,445,800	-	**303,217,129**
Datuk Wira Lim Hock Guan [1]	**300,771,329**	2,445,800	-	**303,217,129**
Datuk Lim Lit Chek [2]	**866,500**	657,500	-	**1,524,000**

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONT'D)

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of ordinary shares			
	At 01.01.2020	**Bought**	**Sold**	**At 31.12.2020**
LBS Bina Group Berhad				
Direct interest				
Tan Sri Dato' Sri Lim Hock San	**30,398,559**	3,167,637	2,255,682	**31,310,514**
Datuk Wira Lim Hock Guan	**27,311,111**	10,819,333	10,000,000	**28,130,444**
Indirect interest				
Tan Sri Dato' Sri Lim Hock San [3]	**650,849,454**	17,781,765	103,787,200	**564,844,019**
Datuk Wira Lim Hock Guan [3]	**648,785,304**	17,739,706	103,125,000	**563,400,010**
Gaterich Sdn. Bhd.				
Direct interest				
Tan Sri Dato' Sri Lim Hock San	**2,500,000**	-	-	**2,500,000**
Datuk Wira Lim Hock Guan	**1,000,000**	-	-	**1,000,000**

	Number of ICPS 2016/2021			
	At 01.01.2020	**Bought**	**Converted**	**At 31.12.2020**
The Company				
Direct interests				
Datuk Lim Lit Chek	**22,500,000**	-	-	**22,500,000**
Indirect interests				
Tan Sri Dato' Sri Lim Hock San [1]	**67,500,000**	-	-	**67,500,000**
Datuk Wira Lim Hock Guan [1]	**67,500,000**	-	-	**67,500,000**

	Number of Redeemable Convertible Preference Shares			
	At 01.01.2020	**Bought**	**Converted**	**At 31.12.2020**
LBS Bina Group Berhad				
Indirect interest				
Tan Sri Dato' Sri Lim Hock San [3]	**158,000**	-	-	**158,000**

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONT'D)

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows: (Cont'd)

	Number of Warrants B			
	At 01.01.2020	Bought	Exercise	At 31.12.2020
LBS Bina Group Berhad				
Direct interest				
Datuk Wira Lim Hock Guan	**4,327,598**	-	(4,327,598)	**-**
Indirect interest				
Tan Sri Dato' Sri Lim Hock San [3]	**35,721,320**	-	-	**35,721,320**
Datuk Wira Lim Hock Guan [3]	**35,521,285**	-	(35,521,285)	**-**

Notes:

(1) *Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of the shareholdings in LBS Bina Group Berhad through Gaterich Sdn. Bhd.*

(2) *Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse's and/or child's direct interests in MGB Berhad.*

(3) *Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse's and/or child's direct interests in LBS Bina Group Berhad and Section 8 of the Companies Act 2016 by virtue of his interests in Gaterich Sdn. Bhd.*

By virtue of their interests in the shares of the Company, Tan Sri Dato' Sri Lim Hock San and Datuk Wira Lim Hock Guan are also deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

None of the other Directors in office at the end of the financial year had any interest in the ordinary shares of the Company or of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 39(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 39(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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, other than those arising from the warrants.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE COSTS

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the immediate holding company, LBS Bina Group Berhad with total coverage of RM20,000,000 and premium of RM30,000 has been paid during the financial year.

No indemnity was given to or insurance effected for auditors of the Company.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

  (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

  (iii) 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; or

  (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

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

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

(d) In the opinion of Directors:

  (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

  (ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

  (iii) 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 to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

SIGNIFICANT EVENTS

The significant events are disclosed in Note 43 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the ultimate holding company.

IMMEDIATE HOLDING COMPANY

The Directors regard LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, as the immediate holding company.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are set out in Note 32 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 May 2021.

DATUK LIM LIT CHEK

LIM KIM HOE

KUALA LUMPUR

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 111 to 189 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 at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 3 May 2021.

DATUK LIM LIT CHEK

LIM KIM HOE

KUALA LUMPUR

STATUTORY DECLARATION

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

I, Datuk Lim Lit Chek, being the Director primarily responsible for the financial management of MGB Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 111 to 189 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the
abovenamed at Kuala Lumpur in the
Federal Territory on 3 May 2021

DATUK LIM LIT CHEK

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of MGB Berhad, which comprise the statements of financial position as at 31 December 2020 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 111 to 189.

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 2020, 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	How we addressed the key audit matters
1. Revenue and cost recognition for construction and property development activities	
The Group and the Company are involved in construction and property development activities which span more than one accounting period. The revenue from construction and property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation. We identified revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs.	We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*. We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts, adjustments for job costing and potential impairment losses. In relation to construction and property development revenue or costs, we, amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress and recovery of cost to supporting evidences include but not limited to verifying third party surveyors' certificates, progress report and interviews with project team.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
1. Revenue and cost recognition for construction and property development activities (Cont'd)	
Key management judgements include: • estimating the budgeted costs to complete each project; • the future profitability of each project; and • the percentage of completion at the end of the reporting period. Changes in these judgements could lead to a material change in the value of revenue recognised.	In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date. We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers.*
2. Goodwill impairment review	
The Group has significant goodwill allocated to the construction cash-generating units ("CGUs"). Goodwill shall be tested for impairment annually in accordance to MFRS 136 *Impairment of Assets*. The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cash flows projections, discount rates and short-term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated.	We assessed the reasonableness of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets and comparing expected growth rates to relevant market expectations. We performed sensitivity analysis on the key inputs (including discount rates and long-term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying amount of the goodwill at the end of the reporting period. We tested the discount rates assigned to the cash-generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic and industry forecasts where appropriate. We considered evidence available to support the discount rates used, and consistency with findings from other areas of the audit. We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

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)

- 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 safequards 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.

UHY
Firm Number: AF 1411
Chartered Accountants

LIM YANG YUE
Approved Number: 03544/12/2022 J
Chartered Accountant

KUALA LUMPUR
3 May 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM
Assets			
Non-Current Assets			
Property, plant and equipment ("PPE")	4	**25,179,774**	24,226,069
Right-of-use assets ("ROU")	5	**87,319,226**	87,340,542
Intangible assets	6	**347,177**	1,827,722
Investment properties	7	**39,871,623**	57,298,437
Capital work-in-progress	8	**-**	3,901,229
Investment in associates	10	**337,892**	150,858
Goodwill on consolidation	11	**254,694,909**	254,694,909
		407,750,601	429,439,766
Current Assets			
Inventories	12	**10,760,594**	19,707,320
Contract assets	13	**62,937,183**	146,395,974
Trade receivables	14	**46,570,321**	67,258,463
Other receivables	15	**17,380,020**	19,417,195
Amount due from related companies	17	**345,938,636**	248,439,290
Amount due from an associate company	18	**7,200**	12,296
Tax recoverable		**2,002,537**	1,809,324
Fixed deposits with licensed banks	19	**3,636,839**	2,999,691
Cash held under Housing Development Accounts	20	**34,618,910**	1,895,608
Cash and bank balances	20	**31,811,217**	28,204,760
		555,663,457	536,139,921
Asset held for sale	21	**-**	3,000,000
Total Current Assets		**555,663,457**	539,139,921
Total Assets		**963,414,058**	968,579,687
Equity and Liabilities			
Equity			
Share capital	22	**388,185,706**	388,185,706
Reserves	23	**2,632,012**	2,907,896
Retained earnings		**79,845,640**	65,619,826
Equity attributable to owners of the parent		**470,663,358**	456,713,428
Non-controlling interests		**691,801**	1,057,874
Total Equity		**471,355,159**	457,771,302
Non-Current Liabilities			
Loans and borrowings	24	**19,651,058**	35,636,143
Lease liabilities	25	**21,091,717**	23,562,909
Deferred tax liabilities	26	**2,182,283**	1,911,446
		42,925,058	61,110,498
Current Liabilities			
Contract liabilities	13	**52,617,409**	40,648,464
Trade payables	27	**210,668,059**	255,891,334
Other payables	28	**37,842,179**	42,405,386
Lease liabilities	25	**11,425,934**	11,902,788
Amount due to related companies	17	**13,104,058**	10,352,424
Amount due to an associate company	18	**69,283**	7,200
Loans and borrowings	24	**123,226,901**	88,273,195
Tax payable		**180,018**	217,096
		449,133,841	449,697,887
Total Liabilities		**492,058,899**	510,808,385
Total Equity and Liabilities		**963,414,058**	968,579,687

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Company 2020 RM	Company 2019 RM
Assets			
Non-Current Assets			
Property, plant and equipment	4	**141,897**	199,432
Investment in subsidiary companies	9	**319,000,000**	300,000,000
		319,141,897	300,199,432
Current Assets			
Other receivables	15	**2,427,160**	2,350,150
Amount due from subsidiary companies	16	**48,252,348**	66,368,799
Cash and bank balances	20	**167,018**	482,849
		50,846,526	69,201,798
Total Assets		**369,988,423**	369,401,230
Equity and Liabilities			
Equity			
Share capital	22	**388,185,706**	388,185,706
Reserves	23	**-**	-
Accumulated losses		**(40,386,093)**	(41,007,628)
Total Equity		**347,799,613**	347,178,078
Current Liabilities			
Other payables	28	**757,019**	637,290
Amount due to subsidiary companies	16	**6,357,165**	6,371,116
Loans and borrowings	24	**15,000,000**	15,000,000
Tax payable		**74,626**	214,746
		22,188,810	22,223,152
Total Equity and Liabilities		**369,988,423**	369,401,230

The accompanying 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 2020

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Revenue	29	**563,274,102**	756,145,529	**-**	-
Cost of sales	30	**(487,010,259)**	(675,753,430)	**-**	-
Gross profit		**76,263,843**	80,392,099	**-**	-
Other income		**4,815,051**	2,638,371	**2,832,055**	3,577,642
Administrative expenses		**(45,782,808)**	(48,983,370)	**(1,053,381)**	(847,992)
Net loss on impairment of financial assets		**(113,569)**	(164,379)	**-**	-
Other operating expenses		**(5,339,569)**	(3,331,346)	**-**	-
Finance costs	31	**(7,335,765)**	(9,701,191)	**(775,830)**	(957,379)
Share of profit of associates, net of tax		**187,034**	55,276	**-**	-
Profit before tax	32	**22,694,217**	20,905,460	**1,002,844**	1,772,271
Taxation	33	**(9,110,360)**	(8,424,860)	**(381,309)**	(605,002)
Profit for the financial year, representing total comprehensive income for the financial year		**13,583,857**	12,480,600	**621,535**	1,167,269
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		**13,949,930**	13,490,653		
Non-controlling interests		**(366,073)**	(1,010,053)		
		13,583,857	12,480,600		
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		**13,949,930**	13,490,653		
Non-controlling interests		**(366,073)**	(1,010,053)		
		13,583,857	12,480,600		
Earnings per share					
Basic earnings per share (sen)	34(a)	**2.78**	2.71		
Diluted earnings per share (sen)	34(b)	**2.36**	2.29		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the parent							
		Non-Distributable				Distributable			
	Note	Share Capital RM	ICPS RM	Asset Revaluation Reserve RM	Other Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group									
At 1 January 2020		327,885,706	60,300,000	4,591,705	(1,683,809)	65,619,826	456,713,428	1,057,874	457,771,302
Profit/(loss) for the financial year, representing total comprehensive income for the financial year		-	-	-	-	13,949,930	13,949,930	(366,073)	13,583,857
Realisation of asset revaluation reserve	23(c)	-	-	(275,884)	-	275,884	-	-	-
At 31 December 2020		327,885,706	60,300,000	4,315,821	(1,683,809)	79,845,640	470,663,358	691,801	471,355,159

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Attributable to owners of the parent								
		Non-Distributable					Distributable			
	Note	Share Capital RM	ICPS RM	Warrant Reserves RM	Asset Revaluation Reserve RM	Other Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group										
At 1 January 2019										
- as previously reported		325,502,680	60,300,000	525,764	4,747,375	-	51,456,300	442,532,119	609,118	443,141,237
- effect of adoption of MFRS 16		-	-	-	-	-	(8,561)	(8,561)	-	(8,561)
As restated		325,502,680	60,300,000	525,764	4,747,375	-	51,447,739	442,523,558	609,118	443,132,676
Profit/(loss) for the financial year, representing total comprehensive income for the financial year		-	-	-	-	-	13,490,653	13,490,653	(1,010,053)	12,480,600
Changes of stakes in a subsidiary company	9(c)	-	-	-	-	(826,218)	-	(826,218)	601,218	(225,000)
Changes in equity interest	9(d)	-	-	-	-	(857,591)	-	(857,591)	857,591	-
Realisation of asset revaluation reserve	23(c)	-	-	-	(155,670)	-	155,670	-	-	-
Transactions with owners										
Issuance of ordinary shares pursuant to:										
- exercise of warrants	22	2,383,026	-	-	-	-	-	2,383,026	-	2,383,026
Realisation of warrant reserves	23(b)	-	-	(476,605)	-	-	476,605	-	-	-
Expiration of warrant reserves	23(b)	-	-	(49,159)	-	-	49,159	-	-	-
Total transactions with owners		2,383,026	-	(525,764)	-	-	525,764	2,383,026	-	2,383,026
At 31 December 2019		327,885,706	60,300,000	-	4,591,705	(1,683,809)	65,619,826	456,713,428	1,057,874	457,771,302

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	← Non-Distributable	→		
	Share Capital RM	ICPS RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2020	**327,885,706**	**60,300,000**	**(41,007,628)**	**347,178,078**
Profit for the financial year, representing total comprehensive income for the financial year	**-**	**-**	**621,535**	**621,535**
At 31 December 2020	**327,885,706**	**60,300,000**	**(40,386,093)**	**347,799,613**

		←	Non-Distributable	→		
	Note	Share Capital RM	ICPS RM	Warrant Reserves RM	Accumulated Losses RM	Total Equity RM
Company						
At 1 January 2019		325,502,680	60,300,000	525,764	(42,700,661)	343,627,783
Profit for the financial year, representing total comprehensive income for the financial year		-	-	-	1,167,269	1,167,269
Transactions with owners						
Issuance of ordinary shares pursuant to:						
- exercise of warrants	22	2,383,026	-	-	-	2,383,026
Realisation of warrant reserves	23(b)	-	-	(476,605)	476,605	-
Expiration of warrant reserves	23(b)	-	-	(49,159)	49,159	-
Total transactions with owners		2,383,026	-	(525,764)	525,764	2,383,026
At 31 December 2019		327,885,706	60,300,000	-	(41,007,628)	347,178,078

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities					
Profit before tax		**22,694,217**	20,905,460	**1,002,844**	1,772,271
Adjustments for:					
Amortisation of intangible assets		**1,480,545**	2,159,257	**-**	-
Depreciation of:					
- property, plant and equipment		**5,814,447**	5,676,206	**57,535**	71,170
- investment properties		**998,673**	1,244,494	**-**	-
- right-of-use assets		**7,596,047**	6,591,568	**-**	-
Impairment losses on:					
- contract assets		**-**	157,164	**-**	-
- trade receivables		**98,671**	36,278	**-**	-
- other receivables		**-**	41,649	**-**	-
- amount due from related companies		**62,833**	6,772	**-**	-
Property, plant and equipment written off		**-**	459	**-**	-
Gain on disposal of:					
- investment properties		**(2,659,750)**	-	**-**	-
- property, plant and equipment		**(365,197)**	(207,053)	**-**	-
- right-of-use assets		**(258,252)**	-	**-**	-
Reversal of impairment losses on:					
- trade receivables		**(46,255)**	(77,484)	**-**	-
- other receivables		**(1,680)**	-	**-**	-
Right-of-use assets written off		**9,323**	-	**-**	-
Interest income		**(481,309)**	(155,825)	**(2,832,055)**	(3,577,642)
Finance costs		**7,335,765**	9,701,191	**775,830**	957,379
Share of profit of associates		**(187,034)**	(55,276)	**-**	-
Operating profit/(loss) before working capital changes		**42,091,044**	46,024,860	**(995,846)**	(776,822)
Change in working capital:					
Inventories		**8,946,726**	34,911,066	**-**	-
Receivables		**22,674,581**	95,390,752	**(77,010)**	952
Payables		**(19,877,337)**	(21,135,211)	**119,729**	(42,905)
Contract assets and contract liabilities		**95,591,209**	(9,372,576)	**-**	-
Subsidiary companies		**-**	-	**(897,500)**	(3,268,693)
Related companies		**(97,757,776)**	(24,087,180)	**-**	-
Associate companies		**67,179**	34,904	**-**	-
		9,644,582	75,741,755	**(854,781)**	(3,310,646)
Cash from/(used in) operations		**51,735,626**	121,766,615	**(1,850,627)**	(4,087,468)
Interest paid		**(7,335,765)**	(9,701,191)	**(775,830)**	(957,379)
Interest income		**481,309**	155,825	**1,379**	3,663
Income tax refund		**43,362**	-	**-**	-
Income tax paid		**(9,113,176)**	(10,755,264)	**(521,429)**	(22,409)
		(15,924,270)	(20,300,630)	**(1,295,880)**	(976,125)
Net cash from/(used in) operating activities		**35,811,356**	101,465,985	**(3,146,507)**	(5,063,593)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows used in investing activities					
Net cash outflow for changes in stake of subsidiary company	9(c)	**-**	(225,000)	**-**	-
Purchase of property, plant and equipment	4(c)	**(6,669,542)**	(8,587,563)	**-**	-
Additions in right-of-use assets	5(d)	**(3,584,894)**	(1,153,298)	**-**	-
Proceeds from disposal of:					
- property, plant and equipment		**232,577**	485,100	**-**	-
- right-of-use assets		**540,600**	-	**-**	-
Interest received		**-**	-	**2,830,676**	2,901,960
Net cash (used in)/from investing activities		**(9,481,259)**	(9,480,761)	**2,830,676**	2,901,960
Cash flows from financing activities					
Increased of fixed deposits pledged		**(637,148)**	(638,361)	**-**	-
Decreased /(increased) of bank balances pledged		**789,502**	(67,000)	**67,000**	(67,000)
Drawdown of bank borrowings		**267,465,458**	162,604,004	**-**	-
Payment of lease liabilities		**(8,331,811)**	(11,687,503)	**-**	-
Repayment of bank borrowings		**(239,934,883)**	(228,728,163)	**-**	-
Proceeds from issuance of ordinary shares arising from conversion of warrants	22	**-**	2,383,026	**-**	2,383,026
Net cash from/(used in) financing activities		**19,351,118**	(76,133,997)	**67,000**	2,316,026
Net increase/(decrease) in cash and cash equivalents		**45,681,215**	15,851,227	**(248,831)**	154,393
Cash and cash equivalents at the beginning of the financial year		**17,029,044**	1,177,817	**415,849**	261,456
Cash and cash equivalents at the end of the financial year		**62,710,259**	17,029,044	**167,018**	415,849
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		**31,811,217**	28,204,760	**167,018**	482,849
Cash held under Housing Development Accounts		**34,618,910**	1,895,608	**-**	-
Fixed deposits with licensed banks		**3,636,839**	2,999,691	**-**	-
Bank overdrafts		**(3,719,868)**	(12,281,822)	**-**	-
		66,347,098	20,818,237	**167,018**	482,849
Less: Fixed deposits pledged with licensed banks		**(3,636,839)**	(2,999,691)	**-**	-
Cash and bank balances pledged with a licensed bank		**-**	(789,502)	**-**	(67,000)
		62,710,259	17,029,044	**167,018**	415,849

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at H-G, Sunway PJ@51A, Jalan SS 9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at I-6, Sunway PJ@51A, Jalan SS 9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The ultimate holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The immediate holding company is LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 - Related Rent Concessions

Early adoption of amendments to MFRS

In current financial year, the Group and the Company have elected to early adopt Amendments to MFRS 16 Covid 19 – Related Rent Concessions which is effective from the annual period, beginning on or after 1 June 2020.

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvement to MFRS Standards 2018-2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs and amendments to MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of assets or liabilities affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements: (Cont'd)

Satisfaction of performance obligations in relation to contracts with customers (Cont'd)

The Group and the Company recognise revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;

(b) the Group and the Company do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to date; and

(c) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal and termination options – Group and the Company as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group and the Company include the renewal period as part of the lease term for leases of land and buildings with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment (Note 4), right-of-use ("ROU") assets (Note 5) and investment properties (Note 7)

The Group and the Company regularly review the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 7 respectively.

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group and the Company estimate the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's and the Company's products, the Group and the Company might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Determination of transaction prices

The Group and the Company is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group and the Company assess the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or rendering of services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 11.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 26.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets and contract liabilities of the Group arising from construction activities are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets of the Group arising from property development activities are disclosed in Note 13.

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies, associates and related companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 14, 15, 16, 17 and 18 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group and the Company have tax recoverable and payable of RM2,002,537 and RMNil (2019: RM1,809,324 and RMNil) and RM180,018 and RM74,626 (2019: RM217,096 and RM214,746) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(a) Basis of consolidation (Cont'd)

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(p)(i) to the financial statements on impairment of non-financial assets.

(b) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(b) Investment in associates (Cont'd)

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investment in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) on impairment of non-financial assets.

(c) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Plant, machinery and equipment	5% - 33.33%
Furniture, fittings and office equipment	10% - 50%
Electrical installation and renovation	10% - 20%
Motor vehicles	20%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(iv) Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

(e) Capital work-in-progress

Capital work-in-progress consists of buildings under construction for intended use. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use.

(f) Leases

(i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

(i) As lessee (Cont'd)

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. ROU asset under construction are not depreciated until the assets are ready for its intended use. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold buildings	2%
Leasehold land and factory	Over remaining lease period
Hostel	Over remaining lease period
Computer	20%
Plant, machinery and equipment	3.33% - 33.33%
Renovation	10%
Motor vehicles	20%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

3. Significant Accounting Policies (Cont'd)

(f) Leases (Cont'd)

(ii) As lessor (Cont'd)

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(g) Investment properties

Investment properties, including right-of-use assets held by lessee, are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates of leasehold land and buildings are 2% (2019: 2%).

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(p)(i) on impairment of non-financial assets

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(h) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. An intangible assets is amortised over their estimated useful lives of 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(p)(i) on impairment of non-financial assets for intangible assets.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies, related company and associate, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash and bank balances.

3. Significant Accounting Policies (Cont'd)

(i) Financial assets (Cont'd)

(a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

(i) Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

The Group and the Company have not designated any financial assets as FVTOCI.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI, as described above, are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity instruments measured at FVTOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

3. Significant Accounting Policies (Cont'd)

(i) Financial assets (Cont'd)

(c) Financial assets at fair value through profit or loss (Cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(j) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) 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 when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(l) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Significant Accounting Policies (Cont'd)

(m) Inventories

Inventories are stated at the lower of cost and net realisable value.

(a) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

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

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(b) Property development costs and completed property

Property under development consists of the costs of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approve selling prices) and other related costs. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties includes costs of land and related development cost or its purchase costs are incident cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(c) Other inventories

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on first-in-first-out basis. Cost of finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(n) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(n) Construction contracts (Cont'd)

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(p) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and asset held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

3. Significant Accounting Policies (Cont'd)

(p) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

(q) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(r) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(s) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(u) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(v) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work todate, certified by professional consultants.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(v) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(b) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sale of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

The Group provides warranties for general repairs of defects as required by law. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(d) Hotel room rental and food and beverages revenue

Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sale of food and beverage is recognised when the customer received and consumes and the Group has a present right to payment for the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.

(ii) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

3. Significant Accounting Policies (Cont'd)

(w) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized simultaneously.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(y) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(z) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES TO THE FINANCIAL STATEMENTS
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4. Property, Plant and Equipment

	At Cost				
	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Total RM
Group					
2020					
Cost					
At 1 January	26,616,865	5,291,110	10,176,704	869,987	42,954,666
Additions	4,297,586	1,388,916	3,467,033	280,000	9,433,535
Disposals	(3,318,648)	(378,658)	(1,469,565)	(353,949)	(5,520,820)
Transfer from right-of-use assets	880,000	-	-	188,447	1,068,447
Transfer to right-of-use assets	(470,250)	-	-	-	(470,250)
Reclassification	(10,000)	-	-	-	(10,000)
At 31 December	27,995,553	6,301,368	12,174,172	984,485	47,455,578
Accumulated depreciation					
At 1 January	11,383,593	3,608,977	3,276,112	459,915	18,728,597
Charge for the financial year	3,782,699	586,041	1,262,657	183,050	5,814,447
Disposals	(1,700,616)	(239,957)	(631,940)	(316,878)	(2,889,391)
Transfer from right-of-use assets	528,000	-	-	149,426	677,426
Transfer to right-of-use assets	(55,275)	-	-	-	(55,275)
At 31 December	13,938,401	3,955,061	3,906,829	475,513	22,275,804
Carrying amount					
At 31 December	14,057,152	2,346,307	8,267,343	508,972	25,179,774

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

4. Property, Plant and Equipment (Cont'd)

	At Valuation	At Cost					
	Leasehold Land and Buildings RM	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Work-In-Progress RM	Total RM
Group							
2019							
Cost/Valuation							
At 1 January	32,076,635	73,966,268	4,810,111	7,624,144	6,038,884	6,284,246	130,800,288
Effect of adoption of MFRS 16	(32,076,635)	(52,728,337)	-	(5,940)	(4,504,944)	(6,284,246)	(95,600,102)
As restated	-	21,237,931	4,810,111	7,618,204	1,533,940	-	35,200,186
Additions	-	5,538,934	490,129	2,558,500	-	-	8,587,563
Disposals	-	(160,000)	-	-	(663,953)	-	(823,953)
Written off	-	-	(9,130)	-	-	-	(9,130)
At 31 December	-	26,616,865	5,291,110	10,176,704	869,987	-	42,954,666
Accumulated depreciation							
At 1 January	4,489,352	9,249,603	3,070,122	2,504,462	2,619,781	-	21,933,320
Effect of adoption of MFRS 16	(4,489,352)	(1,936,592)	-	(300)	(1,900,108)	-	(8,326,352)
As restated	-	7,313,011	3,070,122	2,504,162	719,673	-	13,606,968
Charge for the financial year	-	4,115,915	547,526	771,950	240,815	-	5,676,206
Disposals	-	(45,333)	-	-	(500,573)	-	(545,906)
Written off	-	-	(8,671)	-	-	-	(8,671)
At 31 December	-	11,383,593	3,608,977	3,276,112	459,915	-	18,728,597
Accumulated impairment losses							
At 1 January	1,389,832	-	-	-	-	-	1,389,832
Effect of adoption of MFRS 16	(1,389,832)	-	-	-	-	-	(1,389,832)
As restated/At 31 December	-	-	-	-	-	-	-
Carrying amount							
At 31 December	-	15,233,272	1,682,133	6,900,592	410,072	-	24,226,069

4. Property, Plant and Equipment (Cont'd)

	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Total RM
Company			
2020			
Cost			
At 1 January/31December	**683,336**	**247,328**	**930,664**
Accumulated depreciation			
At 1 January	**608,863**	**122,369**	**731,232**
Charge for the financial year	**32,802**	**24,733**	**57,535**
At 31 December	**641,665**	**147,102**	**788,767**
Carrying amount			
At 31 December	**41,671**	**100,226**	**141,897**
2019			
Cost			
At 1 January/31December	683,336	247,328	930,664
Accumulated depreciation			
At 1 January	562,426	97,636	660,062
Charge for the financial year	46,437	24,733	71,170
At 31 December	608,863	122,369	731,232
Carrying amount			
At 31 December	74,473	124,959	199,432

(a) The aggregate additional costs for the property, plant and equipment of the Group under finance lease financing, other payables and cash payments are as follows:

	Group	
	2020 RM	2019 RM
Aggregate costs	**9,433,535**	8,587,563
Less: Other payables	**(2,763,993)**	-
Cash payments	**6,669,542**	8,587,563

5. Right-of-use Assets

	At Valuation	At Cost					
	Leasehold Land and Buildings RM	Renovation RM	Hostel RM	Computer RM	Plant, Machinery and Equipment RM	Motor Vehicles RM	Total RM
Group							
2020							
Cost/Valuation							
At 1 January	39,979,597	5,940	436,942	-	58,383,745	5,006,252	103,812,476
Additions	2,049,440	-	-	1,298,076	3,743,174	800,000	7,890,690
Disposal	(318,790)	-	-	-	-	-	(318,790)
Transfer from property, plant and equipment	-	-	-	-	470,250	-	470,250
Transfer to property, plant and equipment	-	-	-	-	(880,000)	(188,447)	(1,068,447)
Reclassification	(48,242)	-	-	-	-	-	(48,242)
Written Off	-	-	(44,750)	-	-	-	(44,750)
At 31 December	41,662,005	5,940	392,192	1,298,076	61,717,169	5,617,805	110,693,187
Accumulated depreciation							
At 1 January	5,494,948	1,042	327,361	-	6,493,497	2,765,254	15,082,102
Charge for the financial year	1,108,528	742	89,070	259,615	5,162,497	975,595	7,596,047
Disposal	(36,442)	-	-	-	-	-	(36,442)
Transfer from property, plant and equipment	-	-	-	-	55,275	-	55,275
Transfer to property, plant and equipment	-	-	-	-	(528,000)	(149,426)	(677,426)
Written Off	-	-	(35,427)	-	-	-	(35,427)
At 31 December	6,567,034	1,784	381,004	259,615	11,183,269	3,591,423	21,984,129
Accumulated impairment losses							
At 1 January/31 December	1,389,832	-	-	-	-	-	1,389,832
Carrying amount							
At 31 December	33,705,139	4,156	11,188	1,038,461	50,533,900	2,026,382	87,319,226

5. Right-of-use Assets (Cont'd)

	At Valuation	At Cost					
	Leasehold Land and Buildings RM	Work-In-Progress RM	Renovation RM	Hostel RM	Plant, Machinery and Equipment RM	Motor Vehicles RM	Total RM
Group							
2019							
Cost/Valuation							
At 1 January	-	-	-	-	-	-	-
Effect of adoption of MFRS 16	32,076,635	6,284,246	5,940	403,379	52,728,337	4,504,944	96,003,481
As restated	32,076,635	6,284,246	5,940	403,379	52,728,337	4,504,944	96,003,481
Additions	1,618,716	-	-	33,563	5,655,408	501,308	7,808,995
Reclassification	6,284,246	(6,284,246)	-	-	-	-	-
At 31 December	39,979,597	-	5,940	436,942	58,383,745	5,006,252	103,812,476
Accumulated depreciation							
At 1 January	-	-	-	-	-	-	-
Effect of adoption of MFRS 16	4,489,352	-	300	164,182	1,936,592	1,900,108	8,490,534
As restated	4,489,352	-	300	164,182	1,936,592	1,900,108	8,490,534
Charge for the financial year	1,005,596	-	742	163,179	4,556,905	865,146	6,591,568
At 31 December	5,494,948	-	1,042	327,361	6,493,497	2,765,254	15,082,102
Accumulated impairment losses							
At 1 January	-	-	-	-	-	-	-
Effect of adoption of MFRS 16	1,389,832	-	-	-	-	-	1,389,832
As restated/At 31 December	1,389,832	-	-	-	-	-	1,389,832
Carrying amount							
At 31 December	33,094,817	-	4,898	109,581	51,890,248	2,240,998	87,340,542

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5. Right-of-use Assets (Cont'd)

(a) The Group had entered into one (2019: five) non-cancellable operating lease agreement for the use of residential hostel (2019: residential hostel and sales gallery). The lease is for a period of one year plus one year extension with renewal option included in the agreements. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the residential hostel.

(b) As at 31 December 2020, leasehold land and buildings with carrying amount of RM31,686,441 (2019: RM33,094,817) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

(c) The net carrying amount of right-of-use assets of the Group acquired under lease arrangement are as follows:

	Group	
	2020 RM	**2019 RM**
Motor vehicles	**2,026,382**	2,240,998
Plant and machinery	**50,533,900**	51,890,248
Computer	**1,038,461**	-
	53,598,743	54,131,246

Leased assets are pledged as security for the related lease liabilities.

(d) The aggregate additional costs for the right-of-use assets of the Group under term loan financing, lease financing, other payables and cash payments are as follows:

	Group	
	2020 RM	**2019 RM**
Aggregate costs	**7,890,690**	7,808,995
Less: Term loan	**-**	(857,671)
Less: Lease financing	**(4,305,796)**	(5,393,775)
Less: Other payables	**-**	(404,251)
Cash payments	**3,584,894**	1,153,298

(e) As at 31 December 2020, the remaining period of leasehold land and buildings are 25 to 94 (2019: 27 to 90) years.

(f) In the previous financial year, the leasehold land and buildings of the Group were revalued by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional qualified valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

As at 31 December 2020, had the leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the carrying amount would have been RM30,013,716 (2019: RM28,829,795).

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6. Intangible Assets

	Group 2020 RM	Group 2019 RM
Cost		
At 1 January/31 December	**10,732,993**	10,732,993
Accumulated amortisation		
At 1 January	**8,905,271**	6,746,014
Charge for the financial year	**1,480,545**	2,159,257
At 31 December	**10,385,816**	8,905,271
Carrying amount		
At 31 December	**347,177**	1,827,722

In the previous financial year, the Group had completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets of MGB Construction and Engineering Sdn. Bhd. ("MGBCE") and Multi Court Developers Sdn. Bhd. ("MCDSB") within the stipulated time period, i.e. twelve (12) months from the acquisition date of 28 November 2017 and 5 January 2018 in accordance to MFRS 3, *Business Combinations*. The intangible assets, deferred tax liabilities arising from the intangible assets and goodwill on consolidation have been reflected accordingly in the statements of financial position.

7. Investment Properties

	Group 2020 RM	Group 2019 RM
Leasehold land and buildings		
Cost		
At 1 January	**62,224,743**	62,224,743
Additions	**6,848,460**	-
Disposals	**(24,983,830)**	-
At 31 December	**44,089,373**	62,224,743
Accumulated depreciation		
At 1 January	**4,926,306**	3,681,812
Charge for the financial year	**998,673**	1,244,494
Disposals	**(1,707,229)**	-
At 31 December	**4,217,750**	4,926,306
Carrying amount		
At 31 December	**39,871,623**	57,298,437
Fair value		
At 31 December	**43,868,000**	62,883,000

(a) Investment properties of the Group with carrying amount of RM32,403,543 (2019: RM56,618,979) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

(b) Investment properties of the Group are leasehold properties with remaining lease periods range from 69 to 97 (2019: 70 to 95) years.

(c) Fair value of investment properties is arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers. The fair values are within Level 2 of the fair value hierarchy.

There were no transfers between levels during current and previous financial year.

(d) During the current financial year, certain investment properties have generated rental income and incurred direct operating expenses amounting to RM485,768 and RM136,786 (2019: RM2,521,013 and RM792,565) respectively by carrying out hospitality business.

(e) During the current financial year, a subsidiary company has disposed off the investment properties with carrying amount of RM23,276,601 (2019: RM28,223,000) to a third party at consideration of RM25,936,351.

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8. Capital Work-In-Progress

	Group 2020 RM	Group 2019 RM
At 1 January	**3,901,229**	1,300,410
Additions	**-**	2,600,819
Disposals	**(3,901,229)**	-
At 31 December	**-**	3,901,229

In previous financial year, capital-work-in-progress comprise of vacant bungalow lands which have been pledged to licensed banks as security for banking facility granted to the Group as disclosed in Note 24.

9. Investment in Subsidiary Companies

	Company 2020 RM	Company 2019 RM
Unquoted shares, at cost		
In Malaysia	**361,977,053**	361,977,053
Add: Additional investment in a subsidiary company	**19,000,000**	-
Less: Accumulated impairment losses	**(61,977,053)**	(61,977,053)
	319,000,000	300,000,000

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	Company 2020 RM	Company 2019 RM
At 1 January/31 December	**61,977,053**	61,977,053

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2020 %	Effective interest 2019 %	Principal activities
Direct Holding:				
MGB Construction Sdn. Bhd.	Malaysia	**100**	100	Civil engineering, design and build and general construction activities
MGB Land Sdn. Bhd.	Malaysia	**100**	100	Investment holding
Vintage Roofing & Construction Sdn. Bhd.	Malaysia	**100**	100	Dormant
Newsteel Building Systems Sdn. Bhd.	Malaysia	**80**	80	Dormant
Vintage Tiles Holdings Sdn. Bhd.	Malaysia	**100**	100	Dormant
MGB Construction & Engineering Sdn. Bhd. ("MGBCE")	Malaysia	**100**	100	Civil engineering, design and build, general construction activities, trading of construction materials and investment holding
Alunan Warta Sdn. Bhd.	Malaysia	**51**	51	Dormant

9. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest 2020 %	Effective interest 2019 %	Principal activities
Indirect Holding:				
Subsidiary companies of MGBCE				
Prisma Craft Sdn. Bhd.	Malaysia	**100**	100	Dormant
Prisma Kasturi Sdn. Bhd.	Malaysia	**100**	100	Dormant
Top Ace Solutions Sdn. Bhd.	Malaysia	**100**	100	Trading of building materials and general construction activities
MGB Geotech Sdn. Bhd.	Malaysia	**100**	100	Piling and foundation construction works
MGB SANY (M) IBS Sdn. Bhd.	Malaysia	**81**	81	Manufacturing of Industrialised Building System precast products
Indirect Holding:				
Subsidiary companies of MGB Land Sdn. Bhd.				
Delta Gallery Sdn. Bhd.	Malaysia	**100**	100	Property development
Multi Court Developers Sdn. Bhd.	Malaysia	**100**	100	Property development
Sinaran Kencana Sdn. Bhd. ("SKSB")	Malaysia	**100**	100	Dormant
Idaman Kukuh Sdn. Bhd.	Malaysia	**100**	100	Dormant
Idaman Aktif Sdn. Bhd. ("IASB")	Malaysia	**100**	100	Dormant
Idaman Elegan Sdn. Bhd. ("IESB")	Malaysia	**100**	100	Dormant
Idaman Living Sdn. Bhd. ("ILSB")	Malaysia	**100**	100	Dormant

(a) Internal re-organisation

<u>**2019**</u>

On 17 June 2019, MGB Land Sdn. Bhd. ("MGB Land") entered into a Share Sale Agreement with Vintage Roofing & Construction Sdn. Bhd. for acquisition of 2 ordinary shares, representing 100% equity interest in SKSB for a cash consideration of RM2. Upon completion of the acquisition, SKSB became a direct wholly-owned subsidiary company of MGB Land.

(b) Acquisition of subsidiary companies

<u>**2019**</u>

(i) On 28 June 2019, MGB Land, subscribed 1 ordinary share in newly incorporated subsidiary companies of IASB and IESB respectively, representing entire equity interest in IASB and IESB for cash consideration of RM1 respectively, resulting in IASB and IESB became indirect wholly-owned subsidiary companies of the Company.

(ii) On 28 August 2019, MGB Land, subscribed 1 ordinary share in a newly incorporated subsidiary company of ILSB, representing entire equity interest in ILSB for cash consideration of RM1, resulting in ILSB became indirect wholly-owned subsidiary company of the Company.

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9. Investment in Subsidiary Companies (Cont'd)

(c) Acquisition of non-controlling interest

2019

On 7 November 2019, MGBCE acquired 225,000 ordinary shares in MGB Geotech Sdn. Bhd. ("MGB Geotech"), representing 30% of equity interest, for cash consideration of RM225,000, resulting in MGB Geotech became a wholly-owned subsidiary company of MGBCE.

The effect of changes in the equity interest that is attributable to the owner of the parent:

	Group 2019 RM
Carrying amount of non-controlling interest acquired	(601,218)
Consideration paid to non-controllong interest	(225,000)
Net decreased in parent's equity	(826,218)

(d) Changes of equity interest

2020

On 16 October 2020, MGB Construction and Engineering ("MGBCE"), a wholly owned subsidiary company of the Company increased its paid-up share capital from 1,000,000 to 20,000,000 ordinary shares. The Company has subscribed for additional 19,000,000 ordinary shares in MGBCE by way of capitalisation of amount due from MGBCE.

2019

(i) On 31 January 2019, Multi Court Developers Sdn. Bhd., a subsidiary company of MGB Land had increased its paid-up share capital from 300,000 to 1,000,000 ordinary shares. MGB Land had subscribed for an additional of 700,000 new ordinary shares in MCDSB for cash consideration of RM700,000. Subsequent to the subscription of shares, MCDSB remain as wholly-owned subsidiary of MGB Land.

(ii) On 23 December 2019, MGB SANY (M) IBS Sdn. Bhd. ("MGB SANY"), a direct-owned subsidiary company of MGBCE, had increased its paid-up share capital from 4,000,000 to 10,120,000 ordinary shares. MGBCE had subscribed for an additional 6,120,000 new ordinary shares for cash consideration of RM6,120,000. Consequently, MGBCE's equity interest increased from 51% to 81% in MGB SANY.

(e) The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

(f) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

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10. Investment in Associates

	Group 2020 RM	Group 2019 RM
At cost		
Arising from acquisition of associates		
- unquoted shares in Malaysia	**60,000**	60,000
- share of post acquisition reserve	**125,173**	69,897
	185,173	129,897
Share of current year profit	**187,034**	55,276
Less: Accumulated impairment losses	**(34,315)**	(34,315)
	337,892	150,858

Movements in the allowance for impairment losses of investment in associates are as follows:

	Group 2020 RM	Group 2019 RM
At 1 January/At 31 December	**34,315**	34,315

Details of the associates are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2020 %	Effective interest 2019 %	Principal activities
Associates of MGBCE				
YLT Consultancy Sdn. Bhd. *	Malaysia	**30**	30	Engineering consultancy services
MGB JPC Consultancy Sdn. Bhd.	Malaysia	**30**	30	Engineering consultancy services

* Associate not audited by UHY

The summarised financial information of the associates, not adjusted for the percentage held by the Group is as follows:

(a) Summarised statements of financial position

	Group 2020 RM	Group 2019 RM
Assets and liabilities		
Non-current assets	**1,143,410**	1,092,932
Current assets	**1,311,330**	695,621
Total assets	**2,454,740**	1,788,553
Non-current liabilities	**(780,584)**	(793,763)
Current liabilities	**(500,747)**	(467,681)
Total net assets	**1,173,409**	527,109

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10. Investment in Associates (Cont'd)

(b) Summarised statements of profit or loss and other comprehensive income

	Group	
	2020 RM	2019 RM
Revenue	**1,717,023**	895,365
Profit before tax	**835,639**	260,935
Taxation	**(212,190)**	(76,682)
Profit for the financial year	**623,449**	184,253

(c) The group has not recognised the following losses since the Group has no obligation in respect of these losses:

	Group	
	2020 RM	2019 RM
At 1 January	**-**	469
Share of profit during the financial year	**-**	(469)
At 31 December	**-**	-

11. Goodwill on Consolidation

	Group	
	2020 RM	2019 RM
At 1 January/31 December	**254,694,909**	254,694,909

Goodwill on consolidation arose upon the acquisition of subsidiary companies principally engaged in civil engineering, design and build, trading activities and property development.

The goodwill on consolidation recognised on the acquisitions are attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing construction business.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value in use calculation by discounting the future cash flows generated from the continuing use of the cash-generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a four (4) years period.

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is on average of 18% (2019: 5% to 15%).

(iii) Pre-tax discount rate of 8.5% (2019: 7.0%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital plus a reasonable risk premium.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

(b) Sensitivity to changes in assumptions

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

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12. Inventories

	Note	Group 2020 RM	Group 2019 RM
Land held for development	(a)	**-**	-
Property development costs	(b)	**5,226,291**	16,971,094
Completed properties	(c)	**2,807,985**	1,498,699
Other inventories	(d)	**2,726,318**	1,237,527
		10,760,594	19,707,320

(a) Land held for development

	Note	Group 2020 RM	Group 2019 RM
Freehold land, at cost			
At 1 January		**-**	3,000,000
Transfer to asset held for sale	21	**-**	(3,000,000)
At 31 December		**-**	-

In the previous financial year, the land has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24.

(b) Property development costs

	Note	Group 2020 RM	Group 2019 RM
Development lands, at cost			
At 1 January		**35,946,630**	46,461,847
Additions		**5,509,000**	423,756
Transfer to completed properties	(c)	**(68,370)**	(323,221)
Transfer from property development cost		**1,632,535**	-
Completed development units		**(18,078,053)**	(10,615,752)
At 31 December		**24,941,742**	35,946,630
Cumulative property development costs			
At 1 January		**150,804,946**	116,066,996
Additions		**50,977,742**	74,520,363
Transfer to completed properties	(c)	**(1,240,916)**	(1,175,478)
Transfer to land cost		**(1,632,535)**	-
Completed development units		**(148,137,252)**	(38,606,935)
At 31 December		**50,771,985**	150,804,946
Cumulative cost recognised in profit or loss			
At 1 January		**169,780,482**	109,205,685
Additions		**66,922,259**	109,797,484
Completed development units		**(166,215,305)**	(49,222,687)
At 31 December		**70,487,436**	169,780,482
Carrying amount			
At 31 December		**5,226,291**	16,971,094

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12. Inventories (Cont'd)

(b) Property development costs (Cont'd)

Included in property development costs incurred during the financial year are as follows:

	Note	Group 2020 RM	Group 2019 RM
Sale commissions		**2,361,950**	6,871,978
Finance costs	31	**1,140,872**	3,317,355

The development lands have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

The Group capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised.

(c) Completed properties

	Note	Group 2020 RM	Group 2019 RM
At cost			
At 1 January		**1,498,699**	-
Transfer from property development costs	(b)	**1,309,286**	1,498,699
At 31 December		**2,807,985**	1,498,699

(d) Other inventories

	Note	Group 2020 RM	Group 2019 RM
At cost			
Raw materials		**2,212,299**	1,226,211
Spare parts and consumables		**514,019**	11,316
		2,726,318	1,237,527
Recognised in profit or loss			
Inventories recognised as cost of sales		**14,217,672**	16,947,608

13. Contract Assets/(Liabilities)

The Group's contract assets and contract liabilities relating to construction activities and property development activities at the end of the reporting period are as follows:

	Note	Group 2020 RM	Group 2019 RM
Contract assets			
Construction activities	(a)	**34,614,118**	72,521,989
Property development activities	(b)	**28,323,065**	73,873,985
		62,937,183	146,395,974
Contract liabilities			
Construction activities	(a)	**(52,617,409)**	(40,648,464)

(a) Construction activities

	Group 2020 RM	Group 2019 RM
Contract costs incurred to-date	**2,728,143,411**	2,471,301,300
Attributable profits	**318,367,788**	287,928,574
	3,046,511,199	2,759,229,874
Less: Progress billings	**(3,064,357,326)**	(2,727,199,185)
Less: Accumulated impairment losses	**(157,164)**	(157,164)
	(18,003,291)	31,873,525
Presented as:		
Contract assets	**34,614,118**	72,521,989
Contract liabilities	**(52,617,409)**	(40,648,464)
	(18,003,291)	31,873,525

Movements in the allowance for impairment losses of contract assets are as follows:

	Group 2020 RM	Group 2019 RM
At 1 January	**157,164**	-
Impairment losses recognised	**-**	157,164
At 31 December	**157,164**	157,164

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised over time during the construction period.

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13. Contract Assets/(Liabilities) (Cont'd)

(b) Property development activities

	Group	
	2020 RM	**2019 RM**
At 1 January	**73,873,985**	59,239,534
Property development revenue recognised during the financial year	**83,652,631**	122,602,828
Less: Progress billings	**(129,203,551)**	(107,968,377)
At 31 December	**28,323,065**	73,873,985
Presented as:		
Contract assets	**28,323,065**	73,873,985

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

(c) Contract value yet to be recognised as revenue

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the Group recognises revenue from the satisfaction of the performance obligation using output methods in accordance with paragraph B16 of MFRS 15.

14. Trade Receivables

	Group	
	2020 RM	**2019 RM**
Trade receivables	**37,149,896**	57,348,787
Retention sum receivables	**9,765,521**	10,202,356
	46,915,417	67,551,143
Less: Accumulated impairment losses	**(345,096)**	(292,680)
	46,570,321	67,258,463

The Group's normal trade credit terms are generally from 14 to 180 days (2019: 14 to 180 days) term. Other credit terms are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

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14. Trade Receivables (Cont'd)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Total allowance RM
Group			
2020			
At 1 January	**257,939**	**34,741**	**292,680**
Impairment losses recognised	**98,671**	**-**	**98,671**
Impairment losses reversed	**(46,255)**	**-**	**(46,255)**
At 31 December	**310,355**	**34,741**	**345,096**
2019			
At 1 January	299,145	34,741	333,886
Impairment losses recognised	36,278	-	36,278
Impairment losses reversed	(77,484)	-	(77,484)
At 31 December	257,939	34,741	292,680

Analysis of the trade receivables ageing as at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2020			
Not past due	**18,497,575**	**(68,535)**	**18,429,040**
Past due			
Less than 30 days	**6,340,775**	**(39,990)**	**6,300,785**
31 to 60 days	**3,906,933**	**(28,809)**	**3,878,124**
61 to 90 days	**3,673,416**	**(41,546)**	**3,631,870**
More than 90 days	**14,461,977**	**(131,475)**	**14,330,502**
	28,383,101	**(241,820)**	**28,141,281**
Credit impaired			
Individually impaired	**34,741**	**(34,741)**	**-**
	46,915,417	**(345,096)**	**46,570,321**
2019			
Not past due	28,952,616	(19,586)	28,933,030
Past due			
Less than 30 days	6,780,822	(8,399)	6,772,423
31 to 60 days	4,616,156	(23,874)	4,592,282
61 to 90 days	3,874,394	(16,147)	3,858,247
More than 90 days	23,292,414	(189,933)	23,102,481
	38,563,786	(238,353)	38,325,433
Credit impaired			
Individually impaired	34,741	(34,741)	-
	67,551,143	(292,680)	67,258,463

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14. Trade Receivables (Cont'd)

Trade receivables that are not past due are creditworthy receivables with good payment records with the Group.

At 31 December 2020, trade receivables of RM28,141,281 (2019: RM38,325,433) were past due. These mainly arose from active corporate clients with healthy business relationship but slower repayment records, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due are unsecured in nature.

Trade receivables of the Group that are individually assessed to be impaired amounting to RM34,741 (2019: RM34,741), relate to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

15. Other Receivables

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Other receivables	**2,046,872**	2,922,238	**50,400**	51,100
Less: Accumulated impairment losses	**(1,146,357)**	(1,148,037)	**-**	-
	900,515	1,774,201	**50,400**	51,100
Deposits				
- Third parties	**12,169,043**	12,917,025	**2,324,500**	2,039,500
- Related party	**35,000**	-	**-**	-
Prepayments	**3,835,229**	3,202,044	**2,262**	2,262
GST receivables	**440,233**	1,523,925	**49,998**	257,288
	17,380,020	19,417,195	**2,427,160**	2,350,150

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2020 RM	**2019 RM**
At 1 January	**1,148,037**	1,106,388
Impairment losses recognised	**-**	41,649
Impairment losses reversed	**(1,680)**	-
At 31 December	**1,146,357**	1,148,037

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

Included in deposits is an amount of RM7,800,000 (2019: RM7,860,000) represents deposits paid for joint development of lands.

NOTES TO THE FINANCIAL STATEMENTS
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16. Amount Due from/(to) Subsidiary Companies

	Company 2020 RM	Company 2019 RM
Amount due from subsidiary companies		
Non-trade related		
Non-interest bearing	**21,446,242**	21,193,133
Interest bearing	**38,640,296**	57,009,856
	60,086,538	78,202,989
Less: Accumulated impairment losses	**(11,834,190)**	(11,834,190)
	48,252,348	66,368,799
Amount due to subsidiary companies		
Non-trade related		
Non-interest bearing	**6,357,165**	6,371,116

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company 2020 RM	Company 2019 RM
At 1 January / 31 December	**11,834,190**	11,834,190

Amount due from subsidiary companies are unsecured, non-interest bearing advances and repayable on demand except for an amount of RM38,640,296 (2019: RM57,009,856) which bears interest at a rate ranging from 4.46% to 6.32% (2019: 6.32%) per annum.

Amount due to subsidiary companies are unsecured, non-interest bearing advances and repayable on demand.

17. Amount Due from/(to) Related Companies

	Group 2020 RM	Group 2019 RM
Amount due from related companies		
Trade related		
Non-interest bearing	**241,315,616**	162,199,844
Retention sum receivables	**104,832,379**	86,385,972
	346,147,995	248,585,816
Less: Accumulated impairment losses	**(209,359)**	(146,526)
	345,938,636	248,439,290
Amount due to related companies		
Trade related		
Non-interest bearing	**13,033,818**	10,350,967
Non-trade related		
Interest bearing	**70,240**	1,457
	13,104,058	10,352,424

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17. Amount Due from/(to) Related Companies (Cont'd)

Movements in the allowance for impairment losses of amount due from related companies are as follows:

	Group	
	2020 RM	**2019 RM**
At 1 January	**146,526**	139,754
Impairment losses recognised	**62,833**	6,772
At 31 December	**209,359**	146,526

Amount due to related companies are unsecured and repayable on demand.

18. Amount Due from/(to) Associate Companies

Amounts due from/(to) associate companies are trade in nature, unsecured, non-interest bearing and repayable on demand.

19. Fixed Deposits with Licensed Banks

The interest rates of fixed deposits of the Group are ranging from 1.60% to 1.85% (2019: 2.90% to 3.15%) per annum and the maturity of deposits is 30 days to 365 days (2019: 365 days).

The fixed deposits of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

20. Cash Held under Housing Development Accounts and Cash and Bank Balances

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date bearing interest ranging from 0.35% to 0.85% (2019: 1.20% - 1.39%) per annum.

In the previous financial year, cash and bank balances of the Group and of the Company which have been pledged to licensed banks for banking facilities granted to the Group and to the Company amounted to RM789,502 and RM67,000 respectively.

21. Asset Held for Sale

In the previous financial year, the Directors of a subsidiary company decided to sell a piece of freehold vacant agricultural land. Purchaser is confirmed and the asset amounted to RM3,000,000 was classified as held for sale as at 31 December 2019. The sale has been completed at the beginning of current financial year.

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22. Share Capital

	Group and Company			
	Number of shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
Issued and fully paid Ordinary shares				
At 1 January	**501,652,605**	496,886,552	**327,885,706**	325,502,680
Issued during the financial year	**-**	4,766,053	**-**	2,383,026
At 31 December	**501,652,605**	501,652,605	**327,885,706**	327,885,706
Irredeemable Convertible Preference Shares ("ICPS")				
At 1 January/31 December	**90,000,000**	90,000,000	**60,300,000**	60,300,000
Total	**591,652,605**	591,652,605	**388,185,706**	388,185,706

Ordinary shares

In the previous financial year, the Company increased its issued and paid-up share capital from 496,886,552 to 501,652,605 by way of conversion of 4,766,053 Warrants 2014/2019 into 4,766,053 new ordinary shares at the exercise price of RM0.50 per warrant for a total cash consideration of RM2,383,026.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

ICPS

The salient features of the ICPS are as follows:

(i) The ICPS were issued at RM0.67 each (par value of RM0.50) and the maturity date of ICPS is the day immediately preceding the fifth anniversary from the date of issue of the ICPS.

(ii) The ICPS holders shall have the right to convert one (1) ICPS into one (1) ordinary share with no additional cash payment, at the option of the ICPS holders, in the following manner:

  (a) first fifty percent (50%) of the ICPS at any time on any Market Day from the first (1st) anniversary of the date of issue of the ICPS; and

  (b) remaining fifty percent (50%) of the ICPS at any time on any Market Day from the second (2nd) anniversary of the date of issue of the ICPS, up to and including the Maturity Date.

(iii) The conversion of the ICPS into new ordinary share shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice in the form and manner to be set out in the Company's Constitution.

(iv) All the ICPS that remain outstanding on the Market Day immediately after the Maturity Date will be automatically converted into new ordinary share at the conversion price or conversion ratio.

(v) The ICPS are not redeemable.

(vi) The Company shall have the sole discretion to decide whether to declare any non-cumulative dividend and the quantum of such dividend, provided always that if dividends are declared to its ordinary shareholders, then an equivalent amount of dividend per ICPS shall be paid to the ICPS holders in preference.

22. Share Capital (Cont'd)

ICPS (Cont'd)

The salient features of the ICPS are as follows: (Cont'd)

(vii) The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:

(a) when the dividend or part of the dividend payable on the ICPS is in arrears for more than six (6) months;

(b) on any proposal to wind-up the Company or during the winding-up of the Company;

(c) on any proposal that affects the rights and privileges attached to the ICPS;

(d) on any proposal to reduce the share capital of the Company; or

(e) on any proposal for the disposal of the whole or a substantial part of the property, business and undertaking of the Company, in which case, the ICPS holders shall be entitled to vote together with the holders of ordinary share by way of poll and each ICPS holder shall be entitled to one (1) vote for each ICPS held.

(viii) The ICPS are unsecured and shall upon allotment and issue, rank pari passu in all respect amongst themselves, and any such class of shares ranking pari passu with the ICPS which may be issued by the Company in the future.

The ICPS shall rank in priority to the ordinary shares and any other securities which by their terms rank junior to the ICPS.

23. Reserves

	Note	2020 RM	2019 RM
Group			
Non-distributable			
Other reserve	(a)	**(1,683,809)**	(1,683,809)
Warrant reserves	(b)	**-**	-
Asset revaluation reserve	(c)	**4,315,821**	4,591,705
		2,632,012	2,907,896
Company			
Non-distributable			
Warrant reserves	(b)	**-**	-

(a) Other reserve

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of its non-controlling interests.

(b) Warrant reserves

This represents the fair values of the warrants issued and is non-distributable. When the warrants are exercised or expire, the warrant reserve will be transferred to retained earnings within equity.

During the financial year 2014, the Company issued the followings:

(i) private placement shares of 17,000,000 new ordinary shares of RM0.50 each together with 8,500,000 free detachable warrants on the basis of 1 placement warrant for every 2 placement shares; and

(ii) renounceable right issue of 36,497,200 new ordinary shares of RM0.50 each on the basis of 1 right share for every 1 existing ordinary share held together with 18,248,600 free detachable warrants on the basis of 1 right warrant for every 2 right shares.

23. Reserves (Cont'd)

(b) Warrant reserves (Cont'd)

The Warrants are constituted under a Deed Poll executed on 22 July 2014 and each warrant entitles the registered holder the right at any time during the exercise period from 28 October 2014 to 27 October 2019 to subscribe in cash for one new ordinary share of RM0.50 each of the Company at an exercise price of RM0.50 each. The rights attached to the Warrants which are not exercised during the exercise period will thereafter lapse.

On 28 November 2016, the warrant holders have approved the amendments to the Deed Poll dated 22 July 2014 by way of a Supplemental Deed Poll dated 28 November 2016.

The Warrants 2014/2019 has expired in October 2019. Any warrant not exercised during the exercise period has lapse and thereafter ceased to be valid for any purpose.

Movements of the warrant reserves is as follows:

	Group/Company	
	2020	**2019**
	RM	**RM**
At 1 January	**-**	525,764
Realisation of warrant reserves	**-**	(476,605)
Expiration of warrant reserves	**-**	(49,159)
At 31 December	**-**	-

(c) Asset revaluation reserves

The revaluation reserves represent increases in the fair value of land and buildings and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

	Group	
	2020	**2019**
	RM	**RM**
At 1 January	**4,591,705**	4,747,375
Realisation of revaluation reserve of leasehold land and buildings	**(275,884)**	(155,670)
At 31 December	**4,315,821**	4,591,705

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24. Loans and Borrowings

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
Secured					
Floating rate					
Bank overdrafts	(a)	**3,719,868**	12,281,822	**-**	-
Term loans	(b)	**32,196,198**	50,855,758	**-**	-
Trade services	(c)	**71,944,467**	25,752,902	**-**	-
Revolving credits	(d)	**35,017,426**	35,018,856	**15,000,000**	15,000,000
		142,877,959	123,909,338	**15,000,000**	15,000,000
Current					
Bank overdrafts	(a)	**3,719,868**	12,281,822	**-**	-
Term loans	(b)	**12,545,140**	15,219,615	**-**	-
Trade services	(c)	**71,944,467**	25,752,902	**-**	-
Revolving credits	(d)	**35,017,426**	35,018,856	**15,000,000**	15,000,000
		123,226,901	88,273,195	**15,000,000**	15,000,000
Non-current					
Term loans	(b)	**19,651,058**	35,636,143	**-**	-
		19,651,058	35,636,143	**-**	-
		142,877,959	123,909,338	**15,000,000**	15,000,000

(a) Bank overdrafts

The bank overdrafts are secured by the following:

(i) fixed charges over the ROU assets as disclosed in Note 5(b);

(ii) fixed charge on certain investment properties as disclosed Note 7(a);

(iii) fixed charge on the freehold development land as disclosed in Note 12(a);

(iv) corporate guaranteed by the Company; and

(v) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(b) Term loans

The term loans are secured by the following:

(i) fixed charges over the ROU assets as disclosed in Note 5(b);

(ii) fixed charge on certain investment properties as disclosed Note 7(a);

(iii) fixed charges over the freehold development land as disclosed in Note 12(a);

(iv) fixed charge on the freehold and leasehold development lands as disclosed in Note 12(b);

(v) a debenture by way of fixed and floating charge over all present and future assets belonging to subsidiary companies;

(vi) legal assignment of cash flows or insurance proceeds in relation to project developed by subsidiary companies;

(vii) corporate guaranteed by the Company; and

(viii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

24. Loans and Borrowings (Cont'd)

(c) Trade services

The trade services are secured by the following:

(i) legal assignment of contract proceeds in relation to projects constructed by a subsidiary company;

(ii) certain fixed deposits of subsidiary company as disclosed in Note 19; and

(iii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(d) Revolving credits

The revolving credits are secured by the following:

(i) fixed charge on certain investment properties as disclosed in Note 7(a); and

(ii) corporate guaranteed by the Company.

The average effective interest rates per annum at the end of the reporting period are as follows:

	Group	
	2020 %	2019 %
Bank overdrafts	**5.40**	6.81
Term loans	**4.54**	5.23
Trade services	**5.95**	6.30
Revolving credits	**4.39**	5.99

25. Lease Liabilities

	Group	
	2020 RM	2019 RM
At 1 January	**35,465,697**	-
Effect of adoption of MFRS 16	**-**	41,211,841
As restated	**35,465,697**	41,211,841
Additions	**5,383,765**	5,941,359
Interest expense recognised in profit or loss	**1,968,215**	2,537,075
Payments	**(10,300,026)**	(14,224,578)
At 31 December	**32,517,651**	35,465,697

	Group	
	2020 RM	2019 RM
Analysed as:		
Repayable within twelve months	**11,425,934**	11,902,788
Repayable after twelve months	**21,091,717**	23,562,909
	32,517,651	35,465,697

NOTES TO THE FINANCIAL STATEMENTS
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25. Lease Liabilities (Cont'd)

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2020 RM	**2019 RM**
Minimum lease payments		
Within one year	**12,999,381**	13,752,883
Later than one year and not later than two years	**10,233,680**	11,198,398
Later than two years and not later than five years	**12,273,060**	14,143,942
Later than five years	**51,640**	210,194
	35,557,761	39,305,417
Less: Future finance charges	**(3,040,110)**	(3,839,720)
Present value of minimum lease payments	**32,517,651**	35,465,697
Present value of minimum lease payments		
Within one year	**11,425,934**	11,902,788
Later than one year and not later than two years	**9,287,487**	10,044,961
Later than two years and not later than five years	**11,753,068**	13,313,924
Later than five years	**51,162**	204,024
	32,517,651	35,465,697

The Group leases various land, buildings, plant and machineries and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rates per annum at the end of the reporting period for lease liabilities is 4.12% - 10.32% (2019: 4.12% - 7.57%).

26. Deferred Tax Liabilities

	Group	
	2020 RM	**2019 RM**
At 1 January	**1,911,446**	3,626,009
Recognised in profit or loss	**(28,573)**	(894,554)
Under/(Over) provision in prior years	**299,410**	(820,009)
At 31 December	**2,182,283**	1,911,446

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	2020 RM	**2019 RM**
Group		
Deferred tax liabilities	**6,695,294**	5,288,758
Deferred tax assets	**(4,513,011)**	(3,377,312)
	2,182,283	1,911,446
Company		
Deferred tax liabilities	**7,700**	8,694
Deferred tax assets	**(7,700)**	(8,694)
	-	-

26. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

	Accelerated capital allowances RM	Revaluation of assets RM	Intangible assets RM	Total RM
Group				
2020				
Deferred tax liabilities				
At 1 January	**3,411,970**	**1,438,707**	**438,081**	**5,288,758**
Recognised in profit or loss	**419,716**	**-**	**(354,758)**	**64,958**
Crystallisation of deferred tax	**-**	**(90,889)**	**-**	**(90,889)**
Under provision in prior years	**1,432,467**	**-**	**-**	**1,432,467**
At 31 December	**5,264,153**	**1,347,818**	**83,323**	**6,695,294**
2019				
Deferred tax liabilities				
At 1 January	4,417,182	1,490,693	984,741	6,892,616
Recognised in profit or loss	(1,006,594)	(2,827)	(518,222)	(1,527,643)
Crystallisation of deferred tax	-	(49,159)	-	(49,159)
Under provision in prior years	1,382	-	(28,438)	(27,056)
At 31 December	3,411,970	1,438,707	438,081	5,288,758

	Unutilised capital allowances RM	Unused tax losses RM	Others RM	Total RM
Group				
2020				
Deferred tax assets				
At 1 January	**(2,593,013)**	**(113,163)**	**(671,136)**	**(3,377,312)**
Recognised in profit or loss	**(758,139)**	**254,686**	**500,811**	**(2,642)**
Under provision in prior years	**(272,451)**	**(859,509)**	**(1,097)**	**(1,133,057)**
At 31 December	**(3,623,603)**	**(717,986)**	**(171,422)**	**(4,513,011)**
2019				
Deferred tax assets				
At 1 January	(2,994,254)	(272,353)	-	(3,266,607)
Recognised in profit or loss	401,241	159,492	121,515	682,248
Under provision in prior years	-	(302)	(792,651)	(792,953)
At 31 December	(2,593,013)	(113,163)	(671,136)	(3,377,312)

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26. Deferred Tax Liabilities (Cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Accelerated capital allowances RM
Company	
2020	
Deferred tax liabilities	
At 1 January	**8,694**
Recognised in profit or loss	**200**
Over provision in prior years	**(1,194)**
At 31 December	**7,700**
2019	
At 1 January	13,591
Recognised in profit or loss	(4,897)
At 31 December	8,694

	Unutilised capital allowances RM
Company	
2020	
Deferred tax assets	
At 1 January	**(8,694)**
Recognised in profit or loss	**(200)**
Over provision in prior years	**1,194**
At 31 December	**(7,700)**
2019	
At 1 January	(13,591)
Recognised in profit or loss	4,897
At 31 December	(8,694)

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26. Deferred Tax Liabilities (Cont'd)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Unutilised capital allowances	**2,381,230**	205,884	**168,892**	139,392
Unused tax losses	**17,399,313**	12,049,845	**2,665,558**	2,665,558
	19,780,543	12,255,729	**2,834,450**	2,804,950

27. Trade Payables

	Group	
	2020 RM	**2019 RM**
Trade payables	**151,100,685**	193,727,878
Retention sum		
- third parties	**59,567,374**	62,163,456
	210,668,059	255,891,334

The normal trade credit term granted to the Group ranged from 30 to 60 (2019: 30 to 60) days depending on the terms of the contracts. Included in the current trade payables is an amount of RM279,345 (2019: RM511,945) represents payable for the acquisition and joint venture of project development land.

28. Other Payables

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Other payables		**10,745,693**	19,738,619	**231,037**	228,395
Accruals	(a)	**23,079,575**	17,534,057	**525,982**	408,895
Amount due to a shareholder	(b)	**3,986,211**	4,996,821	**-**	-
Deposits received		**30,700**	135,889	**-**	-
		37,842,179	42,405,386	**757,019**	637,290

(a) Included in accruals consist of accrued project cost of RM12,776,673 (2019: RM8,722,073).

(b) The amount due to a shareholder is unsecured, non-interest bearing advances and repayable on demand.

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29. Revenue

	Construction and trading RM	Property development RM	Other RM	Total RM
Group				
2020				
Revenue from contracts with customers				
Sales of goods	**18,150,864**	**-**	**-**	**18,150,864**
Construction contracts	**460,984,839**	**-**	**-**	**460,984,839**
Property development	**-**	**83,652,631**	**-**	**83,652,631**
Hospitality	**-**	**-**	**485,768**	**485,768**
Total revenue	**479,135,703**	**83,652,631**	**485,768**	**563,274,102**
Geographical market:				
Malaysia	**479,135,703**	**83,652,631**	**485,768**	**563,274,102**
Timing of reveue recognition				
At a point in time	**18,150,864**	**-**	**485,768**	**18,636,632**
Over time	**460,984,839**	**83,652,631**	**-**	**544,637,470**
	479,135,703	**83,652,631**	**485,768**	**563,274,102**
2019				
Revenue from contracts with customers				
Sales of goods	35,928,595	-	-	35,928,595
Construction contracts	595,093,093	-	-	595,093,093
Property development	-	122,602,828	-	122,602,828
Hospitality	-	-	2,521,013	2,521,013
Total revenue	631,021,688	122,602,828	2,521,013	756,145,529
Geographical market:				
Malaysia	631,021,688	122,602,828	2,521,013	756,145,529
Timing of reveue recognition				
At a point in time	35,928,595	-	2,521,013	38,449,608
Over time	595,093,093	122,602,828	-	717,695,921
	631,021,688	122,602,828	2,521,013	756,145,529

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30. Cost of Sales

	Group	
	2020 RM	**2019 RM**
Sales of goods	**17,820,466**	35,160,408
Construction contracts	**402,130,748**	530,002,973
Property development	**66,922,259**	109,797,484
Hospitality	**136,786**	792,565
	487,010,259	675,753,430

31. Finance Costs

		Group		Company	
	Note	**2020 RM**	**2019 RM**	**2020 RM**	**2019 RM**
Interest expenses on:					
Bank overdrafts		**401,960**	878,335	**-**	-
Lease liabilities		**1,968,215**	2,537,075	**-**	-
Related company		**133**	-	**-**	-
Revolving credits		**1,755,013**	2,145,154	**775,830**	957,379
Term loans		**3,056,772**	5,990,714	**-**	-
Trade services		**1,294,544**	1,467,268	**-**	-
		8,476,637	13,018,546	**775,830**	957,379
Less: Interest expense capitalised in property development costs	12(b)	**(1,140,872)**	(3,317,355)	**-**	-
		7,335,765	9,701,191	**775,830**	957,379

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32. Profit before Tax

Profit before tax is derived after charging/(crediting):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory audit				
- current year	**254,000**	236,000	**77,000**	80,000
- (Over)/under provision in prior year	**(1,000)**	2,000	**(5,000)**	-
- non statutory audit	**26,000**	29,500	**23,000**	23,000
Amortisation of intangible assets	**1,480,545**	2,159,257	**-**	-
Depreciation of:				
- property, plant and equipment	**5,814,447**	5,676,206	**57,535**	71,170
- investment properties	**998,673**	1,244,494	**-**	-
- right-of-use assets	**7,596,047**	6,591,568	**-**	-
Impairment losses on:				
- contract assets	**-**	157,164	**-**	-
- trade receivables	**98,671**	36,278	**-**	-
- other receivables	**-**	41,649	**-**	-
- amount due from related companies	**62,833**	6,772	**-**	-
Non-executive Directors' remuneration				
- fees	**145,200**	152,650	**145,200**	152,650
- other emoluments	**16,239**	13,986	**16,239**	13,986
Property, plant and equipment written off	**-**	459	**-**	-
Right-of-use assets written off	**9,323**	-	**-**	-
Lease expenses relating to short term lease				
- office building	**28,000**	-	**-**	-
Lease expense relating to low-value asset				
- copier machine	**10,476**	13,968	**-**	-
Interest income	**(481,309)**	(155,825)	**(1,379)**	(3,663)
Intercompanies interest income	**-**	-	**(2,830,676)**	(3,573,979)
Lease income	**(47,254)**	(123,761)	**-**	-
Gain on disposal of				
- property, plant and equipment	**(365,197)**	(207,053)	**-**	-
- investment properties	**(2,659,750)**	-	**-**	-
- right-of-use assets	**(258,252)**	-	**-**	-
Reversal of impairment losses on:				
- trade receivables	**(46,255)**	(77,484)	**-**	-
- other receivables	**(1,680)**	-	**-**	-
Subsidy from social security contribution	**(516,273)**	-	**-**	-

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33. Taxation

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses recognised in profit or loss				
Malaysian income tax:				
Current tax provision	**9,528,348**	9,487,269	**424,844**	595,746
(Over)/under provision in prior years	**(688,825)**	652,154	**(43,535)**	9,256
	8,839,523	10,139,423	**381,309**	605,002
Deferred tax:				
Relating to origination and reversal of temporary differences	**62,316**	(845,395)	**-**	-
Crystallisation of deferred tax	**(90,889)**	(49,159)	**-**	-
Under/(Over) provision in prior years	**299,410**	(820,009)	**-**	-
	270,837	(1,714,563)	**-**	-
Tax expense for the financial year	**9,110,360**	8,424,860	**381,309**	605,002

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	**22,694,217**	20,905,460	**1,002,844**	1,772,271
At Malaysian statutory tax rate of 24% (2019: 24%)	**5,446,612**	5,017,310	**240,683**	425,345
Expenses not deductible for tax purposes	**3,704,615**	3,720,738	**177,081**	158,224
Income not subject to tax	**(1,011,760)**	(229,638)	**-**	-
Deferred tax assets not recognised	**1,805,955**	651,686	**7,080**	12,177
Crystallisation of deferred tax	**(90,889)**	(49,159)	**-**	-
Deferred tax arising from intangible assets	**(354,758)**	(518,222)	**-**	-
(Over)/Under provision in prior years				
- income tax	**(688,825)**	652,154	**(43,535)**	9,256
- deferred tax	**299,410**	(820,009)	**-**	-
Tax expense for the financial year	**9,110,360**	8,424,860	**381,309**	605,002

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33. Taxation (Cont'd)

The Group and the Company have the following unutilised capital allowances and unused tax losses carry forward, available to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised capital allowances	**17,479,578**	12,145,320	**200,974**	170,643
Unused tax losses	**20,390,924**	16,102,643	**2,665,557**	2,665,557
	37,870,502	28,247,963	**2,866,531**	2,836,200

With effect from year of assessment 2019, unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

34. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2020 RM	2019 RM
Profit attributable to owners of the parent	**13,949,930**	13,490,653
	Units	**Units**
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	**501,652,605**	496,886,552
Effect of ordinary shares issued during the financial year	**-**	1,153,197
Weighted average number of ordinary shares at 31 December	**501,652,605**	498,039,749
Basic earnings per ordinary share (in sen)	**2.78**	2.71

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group	
	2020 RM	2019 RM
Profit attributable to owners of the parent	**13,949,930**	13,490,653
	Units	**Units**
Weighted average number of ordinary shares in issue in the calculation of basic earnings per share	**501,652,605**	498,039,749
Effect of conversion of ICPS	**90,000,000**	90,000,000
Weighted average number of ordinary shares at 31 December	**591,652,605**	588,039,749
Diluted earnings per ordinary share (in sen)	**2.36**	2.29

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35. Staff Costs

	Group 2020 RM	Group 2019 RM
Salaries, wages and other emoluments	**22,021,631**	25,437,520
Defined contribution plans	**2,699,480**	2,971,091
Social security contributions	**252,909**	255,816
Other staff related expenses	**870,816**	1,111,093
	25,844,836	29,775,520

The Group's staff costs do not include the estimated non-monetary value of benefits-in-kind amounting to RM379,307 (2019: RM460,498).

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group 2020 RM	Group 2019 RM
Executive Directors of the Company		
Salaries and other emoluments	**2,421,841**	2,561,983
Defined contribution plans	**337,381**	359,226
Social security contributions	**3,363**	3,363
	2,762,585	2,924,572
Executive Director of the subsidiary company		
Salaries and other emoluments	**-**	242,038
Defined contribution plans	**-**	27,099
Social security contributions	**-**	770
	-	269,907
Total remuneration of the Executive Directors		
Salaries and other emoluments	**2,421,841**	2,804,021
Defined contribution plans	**337,381**	386,325
Social security contributions	**3,363**	4,133
	2,762,585	3,194,479

The Group's aggregate amount of remuneration received and receivable by the Executive Directors do not include the estimated non-monetary value of benefits-in-kind amounting to RM107,456 (2019: RM112,563).

36. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1 January RM	Financing cash flow (i) RM	New lease (Notes 25) RM	Effect of adoption of MFRS 16 RM	At 31 December RM
Group						
2020						
Term loans	24	**50,855,758**	**(18,659,560)**	**-**	**-**	**32,196,198**
Lease liabilities	25	**35,465,697**	**(8,331,811)**	**5,383,765**	**-**	**32,517,651**
Other bank borrowings	(ii)	**60,771,758**	**46,190,135**	**-**	**-**	**106,961,893**
		147,093,213	**19,198,764**	**5,383,765**	**-**	**171,675,742**
2019						
Term loans	24	65,486,634	(14,630,876)	-	-	50,855,758
Finance lease liabilities		40,964,083	-	-	(40,964,083)	-
Lease liabilities	25	-	(11,687,503)	5,941,359	41,211,841	35,465,697
Other bank borrowings	(ii)	111,407,370	(50,635,612)	-	-	60,771,758
		217,858,087	(76,953,991)	5,941,359	247,758	147,093,213

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other bank borrowings represent loans and borrowings other than as disclosed above.

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36. Reconciliation of Liabilities Arising from Financing Activities (Cont'd)

The table below show the details changes in liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January RM	Financing cash flow RM	At 31 December RM
Company			
2020			
Other bank borrowings	**15,000,000**	**-**	**15,000,000**
2019			
Other bank borrowings	15,000,000	-	15,000,000

37. Financial Guarantees

	Group	
	2020 RM	2019 RM
Secured		
Bank guarantee issued in favour of the local authorities and developers for the performance of the construction works	**6,055,397**	5,713,203

	Company	
	2020 RM	2019 RM
Unsecured		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	**123,487,353**	61,447,908
Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies	**40,093,258**	38,593,258
	163,580,611	100,041,166

38. Commitment

	Group	
	2020 RM	2019 RM
Capital expenditure		
Authorised and contracted for:		
Capital work-in-progress	**-**	9,102,867
Joint venture agreement for		
- settlement units to landowner	**4,950,000**	-
Property, plant and equipment	**319,921**	1,029,077
	5,269,921	10,131,943
Authourised but not contracted for:		
- Property, plant and equipment	**-**	2,561,800

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39. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	2020 RM	**2019 RM**
Transactions with related companies		
Income		
Contract revenue	**507,288,011**	511,570,077
Expenses		
Purchase of materials	**17,897,986**	23,433,822
Purchase of Properties	**8,897,900**	-
Contractor fee paid/payable	**3,044,177**	-
Joint venture entitlement payable	**5,500,000**	-
Renovation of new office	**706,093**	-
Interest expenses paid/payable	**133**	-
Deposit paid/payable	**35,000**	-
Rental expenses paid/payable	**28,000**	45,100

	Company	
	2020 RM	**2019 RM**
Transactions with subsidiary companies		
Interest income	**2,830,676**	3,573,979

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39. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Remuneration of Directors and key management are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, fees and other emoluments	**4,894,230**	5,216,130	**161,439**	166,636
Defined contribution plans	**628,733**	685,066	**-**	-
Social security contributions	**11,894**	11,503	**-**	-
	5,534,857	5,912,699	**161,439**	166,636

40. Segment Information

The Group has three major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

Construction and trading	Design and build, civil engineering, general construction, piling activities, trading of construction materials and manufacturing of Industrialised Building System ("IBS") precast products.
Property development	Development of residential and commercial properties
Others	Investment holding and dormant

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment liabilities.

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40. Segment Information (Cont'd)

	Construction and trading RM	Property development RM	Others RM	Total segments RM
Group				
2020				
Revenue				
Total revenue	575,072,838	83,652,631	486,560	659,212,029
Less: Inter-segment revenue	(95,937,135)	-	(792)	(95,937,927)
Revenue from external customers	479,135,703	83,652,631	485,768	563,274,102
Results				
Interest income	274,003	204,183	3,123	481,309
Finance costs	(5,698,760)	(1,163)	(1,635,842)	(7,335,765)
Depreciation and amortisation	(13,856,911)	(69,510)	(482,746)	(14,409,167)
Amortisation of intangible assets	-	-	(1,480,545)	(1,480,545)
Share of profit of associates	187,034	-	-	187,034
Segment profit/(loss) before tax	10,269,373	14,627,245	(2,202,401)	22,694,217
Taxation				(9,110,360)
Profit after tax				13,583,857
Other non-cash items				
Impairment losses on:				
- trade receivables	-	98,671	-	98,671
- amount due from related companies	62,833	-	-	62,833
Right-of-use assets written off	9,323	-	-	9,323
Gain on disposal of:				
- property, plant and equipment	(81,749)	-	(283,448)	(365,197)
- investment properties	-	-	(2,659,750)	(2,659,750)
- right-of-use assets	(258,252)	-	-	(258,252)
Reversal of impairment losses on:				
- trade receivables	(46,255)	-	-	(46,255)
- other receivables	-	-	(1,680)	(1,680)
Segment assets				
Additions to non-current assets	17,249,725	74,500	-	17,324,225
Segment assets	605,272,664	93,267,290	264,874,104	963,414,058

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40. Segment Information (Cont'd)

	Construction and trading RM	Property development RM	Others RM	Total segments RM
Group				
2019				
Revenue				
Total revenue	765,659,304	122,602,828	2,531,318	890,793,450
Less: Inter-segment revenue	(134,637,615)	-	(10,306)	(134,647,921)
Revenue from external customers	631,021,689	122,602,828	2,521,012	756,145,529
Results				
Interest income	84,102	68,059	3,664	155,825
Finance costs	(7,468,078)	(8,075)	(2,225,038)	(9,701,191)
Depreciation and amortisation	(12,309,484)	(105,722)	(1,097,062)	(13,512,268)
Amortisation of intangible assets	-	-	(2,159,257)	(2,159,257)
Share of profit of associates	55,276	-	-	55,276
Segment profit/(loss) before tax	14,885,718	11,456,114	(5,436,372)	20,905,460
Taxation				(8,424,860)
Profit after tax				12,480,600
Other non-cash items				
Impairment losses on:				
- contract assets	157,164	-	-	157,164
- trade receivables	1,131	35,147	-	36,278
- other receivables	41,649	-	-	41,649
- amount due from related companies	6,772	-	-	6,772
Property, plant and equipment written off	459	-	-	459
Gain on disposal of property, plant and equipment	(207,053)	-	-	(207,053)
Reversal of impairment losses on:				
- trade receivables	(41,168)	(36,316)	-	(77,484)
Segment assets				
Additions to non-current assets	18,886,840	81,904	28,633	18,997,377
Segment assets	564,638,212	116,052,089	287,889,386	968,579,687

Additions to non-current assets refer to capital expenditure of property, plant and equipment, right-of-use assets and capital work-in-progress.

Inter-segment revenues are eliminated on consolidation.

No disclosure on geographical information for revenue and non-current assets as the Group operates predominantly in Malaysia.

Major customers

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

	Segment	Revenue 2020 RM	Revenue 2019 RM
Related companies	Construction	**448,203,423**	518,312,556

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41. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets measured at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2020			
Financial assets			
Trade receivables	46,570,321	-	46,570,321
Other receivables	13,104,558	-	13,104,558
Amount due from related companies	345,938,636	-	345,938,636
Amount due from an associate company	7,200	-	7,200
Fixed deposits with licensed banks	3,636,839	-	3,636,839
Cash held under Housing Development Accounts	34,618,910	-	34,618,910
Cash and bank balances	31,811,217	-	31,811,217
	475,687,681	-	475,687,681
Financial liabilities			
Trade payables	-	210,668,059	210,668,059
Other payables	-	37,842,179	37,842,179
Amount due to related companies	-	13,104,058	13,104,058
Amount due to an associate company	-	69,283	69,283
Lease liabilities	-	32,517,651	32,517,651
Loans and borrowings	-	142,877,959	142,877,959
	-	437,079,189	437,079,189

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41. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets measured at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
Group			
2019			
Financial assets			
Trade receivables	67,258,463	-	67,258,463
Other receivables	14,691,226	-	14,691,226
Amount due from related companies	248,439,290	-	248,439,290
Amount due from an associate company	12,296	-	12,296
Fixed deposits with licensed banks	2,999,691	-	2,999,691
Cash held under Housing Development Accounts	1,895,608	-	1,895,608
Cash and bank balances	28,204,760	-	28,204,760
	363,501,334	-	363,501,334
Financial liabilities			
Trade payables	-	255,891,334	255,891,334
Other payables	-	42,405,386	42,405,386
Amount due to related companies	-	10,352,424	10,352,424
Amount due to an associate company	-	7,200	7,200
Lease liabilities	-	35,465,697	35,465,697
Loans and borrowings	-	123,909,338	123,909,338
	-	468,031,379	468,031,379

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41. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets measured at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
Company			
2020			
Financial assets			
Other receivables	**2,374,900**	**-**	**2,374,900**
Amount due from subsidiary companies	**48,252,348**	**-**	**48,252,348**
Cash and bank balances	**167,018**	**-**	**167,018**
	50,794,266	**-**	**50,794,266**
Financial liabilities			
Other payables	**-**	**757,019**	**757,019**
Amount due to subsidiary companies	**-**	**6,357,165**	**6,357,165**
Loans and borrowings	**-**	**15,000,000**	**15,000,000**
	-	**22,114,184**	**22,114,184**
2019			
Financial assets			
Other receivables	2,090,600	-	2,090,600
Amount due from subsidiary companies	66,368,799	-	66,368,799
Cash and bank balances	482,849	-	482,849
	68,942,248	-	68,942,248
Financial liabilities			
Other payables	-	637,290	637,290
Amount due to subsidiary companies	-	6,371,116	6,371,116
Loan and borrowings	-	15,000,000	15,000,000
	-	22,008,406	22,008,406

41. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from related companies and deposits with banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to licensed banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

The Group has no significant concentration to credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company's maximum exposure to credit risk amounting to RM163,580,611 (2019: RM100,041,166), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

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31 DECEMBER 2020

41. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2020						
Non-derivative financial liabilities						
Trade payables	**210,668,059**	**-**	**-**	**-**	**210,668,059**	**210,668,059**
Other payables	**37,842,179**	**-**	**-**	**-**	**37,842,179**	**37,842,179**
Amount due to related companies	**13,104,058**	**-**	**-**	**-**	**13,104,058**	**13,104,058**
Amount due to an associate comoany	**69,283**	**-**	**-**	**-**	**69,283**	**69,283**
Bank overdrafts	**3,719,868**	**-**	**-**	**-**	**3,719,868**	**3,719,868**
Lease liabilities	**12,999,381**	**10,233,680**	**12,273,060**	**51,640**	**35,557,761**	**32,517,651**
Term loans and trade services and revolving credits	**124,717,209**	**3,063,030**	**7,579,488**	**14,017,085**	**149,376,812**	**139,158,091**
	403,120,037	**13,296,710**	**19,852,548**	**14,068,725**	**450,338,020**	**437,079,189**
2019						
Non-derivative financial liabilities						
Trade payables	255,891,334	-	-	-	255,891,334	255,891,334
Other payables	42,405,386	-	-	-	42,405,386	42,405,386
Amount due to related companies	10,352,424	-	-	-	10,352,424	10,352,424
Amount due to an associate company	7,200	-	-	-	7,200	7,200
Bank overdrafts	12,281,822	-	-	-	12,281,822	12,281,822
Lease liabilities	13,752,883	11,198,398	14,143,942	210,194	39,305,417	35,465,697
Term loans and trade services and revolving credits	80,465,952	6,362,067	16,462,436	23,298,605	126,589,060	111,627,516
	415,157,001	17,560,465	30,606,378	23,508,799	486,832,643	468,031,379

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

41. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	Total contractual cash flows RM	Total carrying amount RM
Company			
2020			
Non-derivative financial liabilities			
Other payables	**757,019**	**757,019**	**757,019**
Amount due to subsidiary companies	**6,357,165**	**6,357,165**	**6,357,165**
Revolving credit	**15,000,000**	**15,000,000**	**15,000,000**
Financial guarantees *	**163,580,611**	**163,580,611**	**-**
	185,694,795	**185,694,795**	**22,114,184**
2019			
Non-derivative financial liabilities			
Other payables	637,290	637,290	637,290
Amount due to subsidiary companies	6,371,116	6,371,116	6,371,116
Revolving credit	15,000,000	15,000,000	15,000,000
Financial guarantees *	100,041,166	100,041,166	-
	122,049,572	122,049,572	22,008,406

** Based on the maximum amount that can be called for under the financial guarantee contract.*

The Company provides unsecured financial guarantee to licensed banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At the end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

(iii) Market risks

(a) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

41. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2020 RM	2019 RM
Group		
Fixed rate instruments		
Financial assets	**3,636,839**	2,999,691
Financial liabilities	**(32,517,651)**	(35,465,697)
	(28,880,812)	(32,466,006)
Floating rate instruments		
Financial liabilities	**(142,877,959)**	(123,909,338)
Company		
Floating rate instruments		
Financial assets	**38,640,296**	57,009,856
Financial liabilities	**(15,000,000)**	(15,000,000)
	23,640,296	42,009,856

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM1,428,780 and RM236,403 (2019: RM1,239,093 and RM420,099), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

41. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are United States Dollar ("USD") and Chinese Renminbi ("RMB").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

In prior year, the carrying amounts of the Group's foreign currency denominated financial liabilities at the end of the reporting period are as follows:

	Denominated in		
	USD RM	RMB RM	Total RM
Group			
2019			
Trade payables	-	579,990	579,990
Other payables	1,275,442	-	1,275,442
	1,275,442	579,990	1,855,432

The Group has minimal purchases denominated in foreign currencies. As such, the Group is not sensitive to foreign currency risk.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

42. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2020

42. Capital Management (Cont'd)

The gearing ratios at end of the reporting period are as follows:

	2020 RM	2019 RM
Group		
Bank overdrafts	**3,719,868**	12,281,822
Lease liabilities	**32,517,651**	35,465,697
Term loans	**32,196,198**	50,855,758
Trade services	**71,944,467**	25,752,902
Revolving credits	**35,017,426**	35,018,856
	175,395,610	159,375,035
Less:		
Fixed deposits with licensed banks	**(3,636,839)**	(2,999,691)
Cash held under Housing Development Accounts	**(34,618,910)**	(1,895,608)
Cash and bank balances	**(31,811,217)**	(28,204,760)
Net debt	**105,328,644**	126,274,976
Total equity	**471,355,159**	457,771,302
Net gearing ratio	**0.22**	0.28

	2020 RM	2019 RM
Company		
Revolving credit	**15,000,000**	15,000,000
Less:		
Cash and bank balances	**(167,018)**	(482,849)
Net debt	**14,832,982**	14,517,151
Total equity	**347,799,613**	347,178,078
Net gearing ratio	**0.04**	0.04

There were no changes in the Group's and the Company's approach to capital management during the financial year.

43. Significant Events

(a) On 24 January 2020, the Consortium of PNSB Construction Sdn. Bhd. and MGB Berhad ("Consortium"), together with Idaman Living Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had entered into a Development Rights Agreement with Solid Benefit Sdn. Bhd. and Eco Green City Sdn. Bhd. to develop all that piece of ninety-nine (99) years leasehold land expiring on 1 February 2104 held under PN 116631 Lot 120760 (previously held under H.S.(D) 43589, PT 54535) in Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 4.882 hectares into affordable homes under Rumah Selangorku Idaman scheme ("Proposed DRA"). The Proposed DRA has not been completed as the conditions precedent therein have not been complied.

(b) On 24 January 2020, the Consortium of PNSB Construction Sdn. Bhd. and MGB Berhad ("Consortium"), together with Idaman Aktif Sdn. Bhd., an indirect wholly owned subsidiary of the Company have entered into a Joint Venture Agreement with Abadi Man Nien Sdn Bhd to jointly develop all that two (2) pieces of leasehold lands of ninety-nine (99) years, both expiring on 14 May 2091 held under H.S.(M) 22704, PT 49907, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 8,743 square meters and H.S.(M) 22705, PT 49908, Mukim Dengkil, Daerah Sepang, Negeri Selangor measuring approximately 15,769 square meters into affordable housing homes under Rumah Selangorku Idaman scheme ("Proposed JVA"). The Proposed JVA has not been completed as the conditions precedent therein have not been complied.

(c) On 29 January 2020, MGBCE has entered into Sales and Purchase Agreement with a third party for the disposal of the asset held for sale at a consideration of RM3,000,000.

(d) On 27 February 2020, MGBCE entered into Sale and Purchase Agreements with Seribu Baiduri Sdn. Bhd. for the acquisition of 2 units of Double Storey Intermediate Shop Office for consideration of RM1,280,900 each unit.

(e) On 5 June 2020, Prisma Kasturi Sdn. Bhd. entered into 63 separate Sale and Purchase Agreements with AZ Avenue Sdn. Bhd. for the disposal of 63 units of investment properties with fixtures, fittings and equipment for a total consideration of RM28,700,400.

(f) On 26 June 2020, MCDSB entered into a Joint Venture Agreement with LBS Bina Holdings Sdn. Bhd. ("LBHSB") to jointly develop all that piece of lands located at HS(D) 71359-71476, PTD No. 24476-24593, Mukim Linau, District Batu Pahat in the State of Johor into 118 units of Double Storey Terrace House in the development project known as "Laman Bayu". LBHSB shall be entitled to a guaranteed sum amounting to RM5,500,000 only (referred to as the "Joint Venture Entitlement").

(g) On 9 September 2020, MGBCE entered into 18 Sale and Purchase Agreements with Utuh Sejagat Sdn. Bhd. for the acquisition of 18 units of serviced apartment in BSP 21 at Bandar Saujana Putra, Selangor Darul Ehsan for total consideration of RM6,848,460.

(h) Effect of outbreak of coronavirus pandemic

The Directors of the Company have closely monitored the development of the outbreak of coronavirus pandemic ("COVID-19") infection in Malaysia that may affect the business performance, financial performance and financial position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that affected the Group and the Company business operations. Due to implementation of the Movement Control Order ("MCO"), the Group has temporary shut down its premises from 18 March 2020 till 3 May 2020 in alignment with the MCO policy. Subsequently, on 4 May 2020, the Group resumes its operations with proper standard operating procedures put in place. The disruption of its operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group. As such, the Directors of the Company will continue to closely monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

44. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 May 2021.

LIST OF MAJOR PROPERTIES

HELD AS AT 31 DECEMBER 2020

Location	Description	Tenure	Net Book Value RM'000	Approximately Land Area/ Built Up Area	Date of Acquisition	Approximately Age of Building (Years)
HS(D) 43658, PT 633/LOT 12021 Kawasan Perindustrian Nilai FASA 1 71800 Nilai, Negeri Sembilan Malaysia	Industrial land with a single storey detached factory building and ancillary buildings	Leasehold 60 years expiring on 27 September 2045	17,984	348,741 sq ft/ 124,399 sq ft	08 March 2002	18
HS(D) LP6762-6771 No. PT 2539-2548 Langkap Light Industrial Park Jalan Chui Chak 36700 Langkap, Perak Malaysia	Industrial land with a single storey detached factory, single storey office block and ancillary buildings	Leasehold 60 years expiring on 29 November 2053	4,553	236,739 sq ft/ 97,721 sq ft	04 June 2002	24
H-G, Block H, Sunway PJ@51A Jalan SS9A/19, Seksyen 51A 47300 Petaling Jaya, Selangor Malaysia	Office suite	Leasehold 99 years expiring on 01 July 2109	1,837	221 Sq metre	18 June 2015	10
H-7, Block H, Sunway PJ@51A Jalan SS9A/19, Seksyen 51A 47300 Petaling Jaya, Selangor Malaysia	Office suite	Leasehold 99 years expiring on 01 July 2109	1,249	280 Sq metre	18 April 2011	10
H-3A, Block H, Sunway PJ@51A Jalan SS9A/19, Seksyen 51A 47300 Petaling Jaya, Selangor Malaysia	Office suite	Leasehold 99 years expiring on 01 July 2109	1,232	271 Sq metre	24 June 2015	10
H-2, Block H, Sunway PJ@51A Jalan SS9A/19, Seksyen 51A 47300 Petaling Jaya, Selangor Malaysia	Office suite	Leasehold 99 years expiring on 01 July 2109	1,206	271 Sq metre	19 October 2015	10
H-6, Block H, Sunway PJ@51A Jalan SS9A/19, Seksyen 51A 47300 Petaling Jaya, Selangor Malaysia	Office suite	Leasehold 99 years expiring on 01 July 2109	1,203	271 Sq metre	02 August 2012	10
Unit No. 102 (No. 42, Jalan SP 5/4 Pusat Perdagangan BSP Bandar Saujana Putra 42610 Jenjarom, Kuala Langat Selangor)	Two storey shop office	Leasehold 99 years expiring on 24 November 2114	1,009	143.08 Sq metre	27 February 2020	3
Unit No. 101 (No. 46, Jalan SP 5/4 Pusat Perdagangan BSP Bandar Saujana Putra 42610 Jenjarom, Kuala Langat Selangor)	Two storey shop office	Leasehold 99 years expiring on 24 November 2114	1,009	143.08 Sq metre	27 February 2020	3
I-7, Block I, Sunway PJ@51A Jalan SS9A/19, Seksyen 51A 47300 Petaling Jaya, Selangor Malaysia	Office suite	Leasehold 99 years expiring on 01 July 2109	799	180 Sq metre	20 April 2011	10

ANALYSIS OF SHAREHOLDINGS
AS AT 19 APRIL 2021

A. SHARE CAPITAL

Number of Issued Shares : 501,652,605
Class of Shares : Ordinary Shares
Voting Rights : One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 – 99	4,265	68.74	50,512	0.01
100 - 1,000	939	15.13	446,351	0.09
1,001 - 10,000	675	10.88	2,808,137	0.56
10,001 - 100,000	220	3.55	7,594,157	1.51
100,001 – 25,082,629 (*)	99	1.60	170,462,021	33.98
25,082,630 AND ABOVE (**)	6	0.10	320,291,427	63.85
TOTAL	**6,204**	**100.00**	**501,652,605**	**100.00**

Remark: * - less than 5% of issued shares
** - 5% and above of issued shares

C. SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

Substantial Shareholders based on the Register of Substantial Shareholders

		Direct		Indirect	
	Name	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	LBS Bina Group Berhad	279,217,129	55.66	-	-
2	Gaterich Sdn Bhd	-	-	279,217,129[(a)]	55.66
3	Tan Sri Dato' Sri Lim Hock San, JP	1,076,800	0.22	279,217,129[(b)]	55.66
4	Datuk Wira Lim Hock Guan, JP	1,520,000	0.30	279,217,129[(b)]	55.66
5	Datuk Lim Lit Chek	62,074,298	12.37	1,524,000[(c)]	0.30

Directors' Shareholdings based on Register of Directors' Shareholdings

		Direct		Indirect	
	Name	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Dato' Sri Lim Hock San, JP	1,076,800	0.22	279,217,129[(b)]	55.66
3	Datuk Wira Lim Hock Guan, JP	1,520,000	0.30	279,217,129[(b)]	55.66
4	Datuk Lim Lit Chek	62,074,298	12.37	1,524,000[(c)]	0.30
5	Mr Lim Kim Hoe	-	-	-	-
6	Mr Chin Sui Yin	-	-	-	-
7	Dato' Beh Hang Kong	3,239,985	0.65	-	-
8	Puan Nadhirah binti Abdul Karim	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad.

(b) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd.

(c) Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS
AS AT 19 APRIL 2021

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	Shares Held	Percentage (%)
1.	KENANGA NOMINEES (TEMPATAN) SDN BHD LBS BINA GROUP BERHAD (3RD PARTY EDSP)	115,100,000	22.94
2.	LIM LIT CHEK	62,074,298	12.37
3.	RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	52,550,000	10.48
4.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (SSA)	36,400,000	7.26
5.	LBS BINA GROUP BERHAD	27,467,129	5.48
6.	KENANGA CAPITAL SDN BHD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	26,700,000	5.32
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	13,300,000	2.65
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	12,134,600	2.42
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	11,387,300	2.27
10.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR LBS BINA GROUP BERHAD	11,000,000	2.19
11.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR LBS BINA GROUP BERHAD	10,000,000	1.99
12.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	8,000,000	1.59
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KENANGA) (410196)	6,847,400	1.36
14.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	6,330,900	1.26
15.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	5,825,500	1.16
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND	5,382,300	1.07
17.	YAYASAN GURU TUN HUSSEIN ONN	5,100,000	1.02
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	5,059,800	1.01

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (cont'd)

No.	Name	Shares Held	Percentage (%)
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	4,915,100	0.98
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA FAMILY TAKAFUL BERHAD (DANA EKUITI)	3,714,500	0.74
21.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	2,560,600	0.51
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PRINCIPAL SMALL CAP OPPORTUNITIES FUND (240218)	2,534,200	0.51
23.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KENANGA ISLAMIC FUND	2,516,800	0.50
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR HOR KOK CHOONG	2,180,000	0.43
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (BALANCE)	1,980,100	0.39
26.	CARTABAN NOMINEES (TEMPATAN) SDN BHD CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	1,907,600	0.38
27.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD - KENANGA PREMIER FUND	1,901,600	0.38
28.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	1,868,404	0.37
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	1,862,200	0.37
30.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH HOCK LYE	1,634,000	0.33
Total		**450,234,331**	**89.73**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES HOLDINGS

AS AT 19 APRIL 2021

A. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

Number of Issued ICPS	: 180,000,000
Number of ICPS Exercised	: 90,000,000
Number of ICPS Not Exercised	: 90,000,000
Number of ICPS Holders	: 2

B. DIRECTORS' ICPS HOLDINGS

		Direct		Indirect	
	Name	**No. of ICPS Held**	**Percentage (%) Held**	**No. of ICPS Held**	**Percentage (%) Held**
1	Dato' Abdul Majit bin Ahmad Khan	-	-	-	-
2	Tan Sri Dato' Sri Lim Hock San, JP	-	-	67,500,000[a]	75.000
3	Datuk Wira Lim Hock Guan, JP	-	-	67,500,000[a]	75.000
4	Datuk Lim Lit Chek	22,500,000	25.000	-	-
5	Mr Lim Kim Hoe	-	-	-	-
6	Mr Chin Sui Yin	-	-	-	-
7	Dato' Beh Hang Kong	-	-	-	-
8	Puan Nadhirah binti Abdul Karim	-	-	-	-

(a) Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn Bhd.

C. LIST OF ICPS HOLDERS

No.	Name	ICPS Held	Percentage (%)
1.	LBS BINA GROUP BERHAD	67,500,000	75.000
2.	DATUK LIM LIT CHEK	22,500,000	25.000
Total		**90,000,000**	**100.000**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("**19th AGM**") of the Company will be held at Greens III, Sports Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 June 2021 at 10.00 a.m. for the following purposes: -

(In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Annual General Meeting at short notice. Kindly visit Bursa Malaysia Securities Berhad's website and Company's website at https://mgbgroup.com.my for the latest updates on the status of the said meeting.)

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. — Please refer to the Explanatory Note 1

2. To approve the payment of Directors' Fees and allowance of RM159,770 to the Non-Executive Directors in respect of the financial year ended 31 December 2020. — **Ordinary Resolution 1** (Please refer to the Explanatory Note 2)

3. To approve the payment of Directors' benefits of up to RM50,750 to the Non-Executive Directors for the period commencing from 1 January 2021 until the next annual general meeting of the Company. — **Ordinary Resolution 2** (Please refer to the Explanatory Note 3)

4. To re-elect the following Directors who are retiring in accordance with Article 90 of the Company's Constitution: -

   (i) Dato' Abdul Majit bin Ahmad Khan — **Ordinary Resolution 3**
   (ii) Datuk Wira Lim Hock Guan, JP — **Ordinary Resolution 4**
   (iii) Puan Nadhirah binti Abdul Karim — **Ordinary Resolution 5**

5. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 6**

As Special Business

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-

6. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** — **Ordinary Resolution 7** (Please refer to the Explanatory Note 4)

   "THAT subject always to the Companies Act, 2016 ("**Act**"), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or person whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being;

   THAT the Directors be also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad ("**Bursa Securities**");

   AND THAT such authority shall be continue in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING

7. **PROPOSED NEW SHAREHOLDERS' MANDATE AND RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

Ordinary Resolution 8
(Please refer to the Explanatory Note 5)

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company and its subsidiaries ("**the Group**") to enter into the specified recurrent transactions of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 17 May 2021 ("**the Circular**") which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company;

THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier;

THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information: -

(i) the type of transactions made; and
(ii) the names of the related parties involved in each type of transactions made and their relationship with the Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate."

8. To transact any other business of which due notice shall have been given in accordance with the Act.

By Order of the Board,

CHONG VOON WAH (SSM PC NO. 202008001343) (MAICSA 7055003)
YEO CHIOU YEAN (SSM PC NO. 202008002607) (MAICSA 7058868)
Company Secretaries

Petaling Jaya, Selangor
Date: 17 May 2021

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(a) A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company.

(b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(c) Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

(e) The Proxy Form or other instruments of appointment must be deposited at office of the Share Registrar of the Company, 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 not later than Monday, 14 June 2021 at 10.00 a.m.

(f) For the purpose of determining a member who shall be entitled to attend the general meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 8 June 2021. Only members whose name appears on the Record of Depositors as at 8 June 2021 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(g) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of 19th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Explanatory Notes to the Agenda:

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2020**

   Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolution 1 – Payment of Directors' Fees and allowance to Non-Executive Directors**

   The breakdown of the proposed payment of Directors' Fees and meeting allowance to Non-Executive Directors amounting to RM159,770 for the financial year ended 31 December 2020 is set out below:

	RM
Directors' Fees	135,520
Meeting Allowance	24,250
Total	**159,770**

   The payment of the Directors' Fees and allowance in respect of the financial year ended 31 December 2020 will only be made if the proposed Ordinary Resolution 1 has been passed at the 19th AGM.

3. **Ordinary Resolution 2 – Directors' benefits from 1 January 2021 to the next annual general meeting of the Company**

   The Directors' benefits payable to the Non-Executive Directors of up to RM50,750 comprise of meeting allowance which will only be made by the Company as and when incurred if the proposed Ordinary Resolution 2 has been passed at the 19th AGM. In determining the estimated total amount of the Directors' benefits, the Board has considered the number of scheduled meetings for the Board, Board Committees and general meetings as well as number of Non-Executive Directors involved in the meetings.

4. **Ordinary Resolution 7 – Authority to Allot and Issue Shares**

   The Ordinary Resolution proposed under Resolution 7 above for the renewal of general mandate in relation to the authorisation for allotment and issuance of shares by the Directors, if passed, will enable the Directors to issue up to 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next annual general meeting.

   The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisition.

   As at the date of this Notice, no new share of the Company was issued pursuant to the mandate granted to the Directors at the Eighteenth Annual General Meeting held on 24 July 2020.

5. **Ordinary Resolution 8 – Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions in its ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This will reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

   Further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 17 May 2021.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 19th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 19th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 19th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MGB
VALUE DRIVEN INNOVATION

MGB BERHAD
Registration No. 200201021504 (589167-W)
(Incorporated in Malaysia)

PROXY FORM

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

I/We ____
(Full Name in Block Letters)

NRIC No./Passport No./Company No. ____

of ____

being a member/members of **MGB BERHAD** hereby appoint ____

____ NRIC No./Passport No. ____________________

of ____

and/or ____

NRIC No./Passport No. ____

of ____

or failing *him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote and act on my/our behalf at the Nineteenth Annual General Meeting ("**19th AGM**") of the Company to be held at Greens III, Sports Wing, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 15 June 2021 at 10.00 a.m. and at any adjournment thereof.

Resolutions		For	Against
Ordinary Resolution 1	Approval of the payment of Directors' Fee and allowance for the financial year ended 31 December 2020		
Ordinary Resolution 2	Approval of the payment of Directors' benefits		
Ordinary Resolution 3	Re-election of Dato' Abdul Majit bin Ahmad Khan		
Ordinary Resolution 4	Re-election of Datuk Wira Lim Hock Guan, JP		
Ordinary Resolution 5	Re-election of Puan Nadhirah binti Abdul Karim		
Ordinary Resolution 6	Re-appointment of Messrs UHY as Auditors of the Company		
Ordinary Resolution 7	Authority to allot and issue shares		
Ordinary Resolution 8	Proposed New Shareholders' Mandate and Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions		

Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on any resolutions as he/she/they may think fit.

Signed this ______________ day of ________________________, 2021.

Signature: ____
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares: ____________________
Percentage: ____________________%

Second Proxy
No. of Shares: ____________________
Percentage: ____________________%

NOTES:

(a) A member of the Company entitled to attend and vote at the general meeting is entitled to appoint up to two (2) proxies to attend and vote in his place. A proxy may but need not be a member of the Company.

(b) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

(c) Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(d) The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

(e) The Proxy Form or other instruments of appointment must be deposited at office of the Share Registrar of the Company, 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 not later than Monday, 14 June 2021 at 10.00 a.m.

(f) For the purpose of determining a member who shall be entitled to attend the general meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 8 June 2021. Only members whose name appears on the Record of Depositors as at 8 June 2021 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(g) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 19th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the 19th AGM dated 17 May 2021.

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STAMP

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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Fold this flap for sealing

www.mgbgroup.com.my

MGB Berhad
Registration No. 200201021504 (589167-W)

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