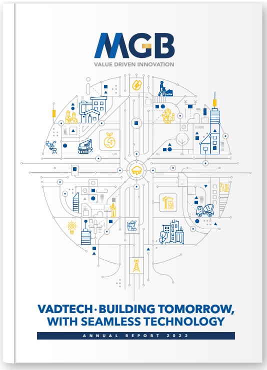
VALUE DRIVEN INNOVATION

VADTECH • BUILDING TOMORROW, WITH SEAMLESS TECHNOLOGY

ANNUAL REPORT 2022



VADTECH • BUILDING TOMORROW, WITH SEAMLESS TECHNOLOGY

Building with technology has driven the construction sector into advancement for the betterment of the entire industry & society. MGB cover design depicts technology permeating our business operations and the group has displayed agility and responsiveness in adopting new proven digital technologies. MGB through the VaDTech (Value-Driven Technology) approach, strive to adopt technology that will bring everything seamlessly to everyone anytime, anywhere. This approach aims to bring greater value and pave the way for a more robust and energy-efficient builds for a more sustainable future for our next generation.

Scan this to view our Annual Report 2022

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

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.

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.

MANIFESTS THROUGH

MALAYSIAN GENERATIONS BUILDER

What's Inside

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Corporate Structure

as at 31 March 2023

MGB BERHAD
200201021504 (589167-W)

100% MGB Construction & Engineering Sdn. Bhd.
- 100% Prisma Kasturi Sdn. Bhd.
- 100% Top Ace Solutions Sdn. Bhd.
- 81% MGB Sany (M) IBS Sdn. Bhd.
- 30% MGB JPC Consultancy Sdn. Bhd.

100% MGB Construction Sdn. Bhd.
- 100% MGB International For Industry (KSA*)

100% MGB Land Sdn. Bhd.
- 100% Delta Gallery Sdn. Bhd.
- 100% Idaman Aktif Sdn. Bhd.
- 100% Idaman Elegan Sdn. Bhd.
- 100% Idaman Kukuh Sdn. Bhd.
- 100% Idaman Living Sdn. Bhd.
- 100% Idaman Rawang Sdn. Bhd.
- 100% MGB Development Sdn. Bhd. *(Formerly known as MGB Kampar Development Sdn. Bhd.)*
- 100% Multi Court Developers Sdn. Bhd.
- 100% Retro Court Sdn. Bhd.
- 100% Sinaran Kencana Sdn. Bhd.

100% Vintage Roofing & Construction Sdn. Bhd.

100% Vintage Tiles Holdings Sdn. Bhd.

80% Newsteel Building Systems Sdn. Bhd.

70% MGB Water Solution Sdn. Bhd.

51% Alunan Warta Sdn. Bhd.

*Kingdom of Saudi Arabia

Corporate Information

as at 31 March 2023

MGB BERHAD BOARD OF DIRECTORS

Dato' Abdul Majit bin Ahmad Khan, *DIMP*	Independent Non-Executive Chairman	NR AC RM SC
Tan Sri Dato' Sri Lim Hock San, *PSM, SSAP, DSSA, JP*	Executive Vice Chairman	
Datuk Wira Lim Hock Guan, *DCSM, DMSM, PJK, JP*	Group Managing Director	RM SC
Datuk Lim Lit Chek, *DPSM*	Executive Director & Chief Executive Officer	SC RM
Dato' Beh Hang Kong, *DSIS*	Independent Non-Executive Director	AC NR RM SC
Puan Nadhirah binti Abdul Karim	Independent Non-Executive Director	AC NR RM SC

KEY COMMITTEES

- AC Audit Committee Chairman
- AC Audit Committee Member
- NR Nomination & Remuneration Committee Chairman
- NR Nomination & Remuneration Committee Member
- RM Risk Management Committee Chairman
- RM Risk Management Committee Member
- SC Sustainability Committee Chairman
- SC Sustainability Committee Member

COMPANY SECRETARIES

Mr Chong Voon Wah *SSM PC No. 202008001343 (MAICSA 7055003)*
Ms Khoo Wei Lee *SSM PC No. 201908001577 (MAICSA 7063165)*

REGISTERED OFFICE

H-7, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A,
47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia
T +603 7874 5888 — F +603 7874 5889

BUSINESS ADDRESS

HEAD OFFICE
H-G, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A,
47300 Petaling Jaya, Selangor Darul Ehsan, Malaysia
T +603 7874 5888 — F +603 7874 5889

MGB SANY (M) IBS SDN. BHD.
Lot 74, Jalan Emas Kawasan Industri Nilai 1, Kawasan Perindustrian Nilai, 71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia
T +606 797 1855 — F +606 797 1614

SALES GALLERY & OFFICES

ZENOPY RESIDENCES
A-1-13A, Zenopy Jalan LP 7/4, Taman Lestari Perdana Puncak Jalil,
43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia
Hotline : 1700 81 9091
Email : customercarezenopy@mgbgroup.com.my

LAMAN BAYU
No 27-29, Jalan Putera Indah 12/1, Bandar Putera Indah,
Tongkang Pechah, 83000 Batu Pahat, Johor Darul Takzim, Malaysia
T +607 445 8899 — F +607 445 8888

SHARE REGISTRAR

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, Malaysia
T +603 2783 9299 — F +603 2783 9222

SOLICITORS

— Steven Tai, Wong & Partners
— Gan Partnership
— Manjit Singh Sachdev, Mohammad Radzi & Partners

AUDITOR

UHY (AF 1411)
Suite 11.05, Level 11, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia
T +603 2279 3088 — 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
@mgbberhad

Directors' Profile

DATO' ABDUL MAJIT BIN AHMAD KHAN

Independent Non-Executive Chairman

NR AC RM SC

Gender: **Male**
Age: **77**
Nationality: **Malaysian**
Date Appointed: **01 August 2014**
Board Meeting Attended: **5 / 5**

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, Member of Audit Committee, Member of Sustainability Committee and also a Member of Risk Management 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. He also served as the Chairman of the Malaysian Investment Development Authority (MIDA) for 2 years before his contract ended on 20 April 2021.

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..

Dato' Abdul Majit is a Director of Zecon Berhad and Dutaland Berhad, both listed on Bursa Malaysia Securities Berhad. He is also a Director of Hong Leong Asset Management Berhad. He was appointed as Senior Independent Non-Executive Chairman of Unitrade Industries Berhad on 11 September 2021.

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 Committees

AC Audit Committee Chairman	NR Nomination & Remuneration Committee Chairman	RM Risk Management Committee Chairman	SC Sustainability Committee Chairman
AC Audit Committee Member	NR Nomination & Remuneration Committee Member	RM Risk Management Committee Member	SC Sustainability Committee Member

Directors' Profile

TAN SRI DATO' SRI LIM HOCK SAN, *JP*

Executive Vice Chairman

Gender: **Male**
Age: **65**
Nationality: **Malaysian**
Date Appointed: **01 August 2014**
Board Meeting Attended: **5 / 5**

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 and he was re-designated as the Group Managing Director on 5 July 2016. Subsequently, Tan Sri Dato' Sri Lim was re-designated as Executive Vice Chairman on 1 August 2021.

Upon graduation in 1982 with First Class Honours in Civil Engineering from the University of Wales, Science & Technology (UWIST), UK. Tan Sri Dato' Sri Lim returned to Malaysia and joined the family business which were then lorry transportation and construction activities. Within two decades, the company had expanded to include investment holdings in the property development, insurance and tourism industries. On 6 December 2001, he was appointed as the Managing Director of LBS Bina Group Berhad ("**LBGB**"). Tan Sri Dato' Sri Lim was appointed as the Executive Chairman of LBGB on 1 March 2021, following the retirement of Dato' Seri Lim Bock Seng.

With his excellent entrepreneurial skills combined with acquired management and technical experience, Tan Sri Dato' Sri Lim became the Key Leader and spearheaded the LBGB Group to become one of the leading players in the property development industry.

These were the outstanding accolades 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. 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. Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014
v. World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015
vi. 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
xxi. KSI Special Business Award (2022) – National Outstanding Entrepreneurs Lifetime Achievement Award
xxii. Adjunct Professor of Leadership Of UNITAR International

Being a humble 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, Malaysia-Guangdong Chamber of Investment Promotion
6. Honorary Life President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia
7. Honorary Life President, Persatuan Anxi Selangor Dan W.P. Kuala Lumpur
8. Deputy President, The Federation of Malaysia Lim Associations
9. Vice President, Fujian Overseas Exchanges Association 6th Council
10. Vice President, The World Lin's Association
11. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way
12. Honorary Life Chairman, Selangor Petaling Business & Industry Association
13. Honorary Chairman, Rumah Berhala Leng Eng Tian
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 17th People's Congress of Quanzhou, China
30. Overseas Representative, the 5th Session of the 12th Chinese People's Political Consultative Conference 2017
31. Overseas Representative, Fujian Chinese People's Political Consultative Conference 2015
32. Committee, the 6th China Overseas Exchange Association
33. Committee, China Federation 10th Plenary Session
34. Committee, Fujian Provincial Federation
35. Committee, the 5th China Overseas Friendship Association
36. Honorary University Fellowship of Genovasi University College
37. Adjunct Professor of Leadership of UNITAR International
38. President of the Sungai Way Hokkien Association

Tan Sri Dato' Sri Lim sits on the Board of several subsidiary companies of LBGB Group. He is also a member of Sustainability Committee in LBGB.

Tan Sri Dato' Sri Lim is the brother of Datuk Wira Lim Hock Guan (Group Managing Director). 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' Profile

DATUK WIRA LIM HOCK GUAN, *JP*

Group Managing Director

RM SC

Gender: **Male**
Age: **61**
Nationality: **Malaysian**
Date Appointed: **01 August 2014**
Board Meeting Attended: **5 / 5**

Datuk Wira Lim Hock Guan ("Datuk Wira Lim") was appointed to the Board as the Non-Independent Non-Executive Director of the Company on 1 August 2014 and he was re-designated as Executive Director of the Company on 5 July 2016. Subsequently, Datuk Wira Lim was re-designated as Group Managing Director on 1 August 2021. He is the Chairman of the Risk Management Committee of the Company.

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. On 14 January 2022, Datuk Wira Lim was re-designated as Group Managing Director/Chief Executive Officer of LBGB. He is in charge of the LBGB Group's projects as 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 a member of Sustainability Committee in LBGB.

He is also active in community works and has involved in several non-profit-making organisations. He is the Vice President of Malaysia-Guangdong Chamber of Investment Promotion. 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 Executive Vice Chairman 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.

Key Committees

AC Audit Committee Chairman	NR Nomination & Remuneration Committee Chairman	RM Risk Management Committee Chairman	SC Sustainability Committee Chairman
AC Audit Committee Member	NR Nomination & Remuneration Committee Member	RM Risk Management Committee Member	SC Sustainability Committee Member

Directors' Profile

DATUK LIM LIT CHEK

Executive Director & Chief Executive Officer

SC RM

Gender: **Male**
Age: **46**
Nationality: **Malaysian**
Date Appointed: **01 December 2016**
Board Meeting Attended: **5 / 5**

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 Chairman of the Sustainability Committee and also serves as a Member of the 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 more than 20 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.

Key Committees

AC Audit Committee Chairman	NR Nomination & Remuneration Committee Chairman	RM Risk Management Committee Chairman	SC Sustainability Committee Chairman
AC Audit Committee Member	NR Nomination & Remuneration Committee Member	RM Risk Management Committee Member	SC Sustainability Committee Member

Directors' Profile

DATO' BEH HANG KONG

Independent Non-Executive Director

AC NR RM SC

Gender: **Male**
Age: **65**
Nationality: **Malaysian**
Date Appointed: **01 February 2019**
Board Meeting Attended: **5 / 5**

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 an 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 currently the Chairman of Audit Committee, a Member of Risk Management Committee, Sustainability Committee and also 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.

Presently, Dato' Beh is the Deputy Board Chairman of China-Malaysia Qinzhou Industrial Park (CMQIP) in Qinzhou, Quangxi, People's Republic of China and the Executive Director of Yong Tai Berhad, a company listed on Bursa Malaysia Securities Berhad.

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.

Key Committees

AC Audit Committee Chairman	NR Nomination & Remuneration Committee Chairman	RM Risk Management Committee Chairman	SC Sustainability Committee Chairman
AC Audit Committee Member	NR Nomination & Remuneration Committee Member	RM Risk Management Committee Member	SC Sustainability Committee Member

Directors' Profile

PUAN NADHIRAH BINTI ABDUL KARIM

Independent Non-Executive Director

AC NR RM SC

Gender: **Female**
Age: **35**
Nationality: **Malaysian**
Date Appointed: **01 February 2019**
Board Meeting Attended: **5 / 5**

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 a Member of Audit Committee, Risk Management Committee, Sustainability Committee and also Nomination and Remuneration 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 13 years of experiences working in an audit firm where bringing with her a wealth of experience from auditing, financial reporting practices and processes, taxation matters and corporate advisory which involved in the field such as 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 Committees

AC Audit Committee Chairman	NR Nomination & Remuneration Committee Chairman	RM Risk Management Committee Chairman	SC Sustainability Committee Chairman
AC Audit Committee Member	NR Nomination & Remuneration Committee Member	RM Risk Management Committee Member	SC Sustainability Committee Member

Profiles of Key Management

MR LIM KIM HOE

Deputy Chief Executive Officer

Gender: **Male** Age: **38** Nationality: **Malaysian**

Mr Lim Kim Hoe ("**Mr Lim**") is currently the Deputy Chief Executive Officer of the Company. Prior to that, he served as the Executive Director of the Company from 1 August 2014 to 1 January 2022.

Subsequent to his resignation as the Executive Director of the Company, there were no changes to his directorships in the subsidiary companies. Mr Lim was also the former Sustainability Committee Chairman, who responsible for implementing, overseeing and addressing all sustainability-related issues from MGB stakeholders. He was also tasked to ensure that all the sustainability-related matters are duly managed and addressed at the highest level of decision-making to ensure greater focus and accountability for achieving the Group sustainable vision and mission.

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 Executive Vice Chairman 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.

Profiles of Key Management

MR WONG TACK LEONG

Deputy Chief Executive Officer

Gender: **Male** Age: **51** Nationality: **Malaysian**

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 Human Resource and Administration, Construction and Project Management, Contract and Procurement, Infrastructure Division, Treasury and overseeing the IBS Precast Concrete manufacturing.

He holds 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 27 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 Deacon of Mega Subang Chinese Methodist Church as well as member of other charitable and non-profitmaking 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.

Profiles of Key Management

MR CHEW WEE SEONG

Chief Operating Officer

Gender: **Male** Age: **52** Nationality: **Malaysian**

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, Legal, Secretarial, Corporate Affairs & Risk Management as well as Sales Admin, Credit Admin & Property Management Department.

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 & licensed by the Board of Valuers, Appraisers, Estate Agents & Property Managers (BOVAEP) to carry out professional property management practice under the Valuers, Appraisers, Estate Agents & 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 & marketing, credit administration & 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.

Profiles of Key Management

IR ONG LEK SHOEN

Chief Operating Officer, Construction Division

Gender: **Male** Age: **50** Nationality: **Malaysian**

Ir Ong Lek Shoen ("**Ir Ong**") was appointed as Chief Operating Officer, Infrastructure on 1 June 2021. He is responsible for the main infrastructure works and water treatment works of the Group.

He holds a Bachelor of Engineering (Hons) in Civil Engineering from University of Malaya and has obtained the Professional Engineer with Practising Certificate from Board of Engineers Malaysia (BEM). He is a Member of APEC, INT. ENG & IEM.

Ir Ong has more than twenty-seven (27) years of working experience in project management and property development industry. He has served at various property development companies including several public listed companies namely Glomac Berhad and Hua Yang Bhd. Prior to joining MGB Group, he was the Project Director of Petaling Tin Bhd, overseeing and leading a team in the development of projects in Selangor, Negeri Sembilan and Sabah.

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 KWOK KONG WEI

Chief Operating Officer, Construction Division

Gender: **Male** Age: **50** Nationality: **Malaysian**

Mr Kwok Kong Wei (“**Mr Kwok**") was appointed as the General Manager, Project Department on 1 January 2019 and he was re-designated to Chief Operating Officer of MGB Construction & Engineering Sdn. Bhd. on 1 January 2021. He is responsible for overall planning, implementation and construction of the Group’s projects particularly in Klang Valley and Pahang. He is also 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 26 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.

Profiles of Key Management

MR LAU CHEE TAT

Chief Executive Officer, Manufacturing Division

Gender: **Male** Age: **50** Nationality: **Malaysian**

Mr Lau Chee Tat ("**Mr Lau**") was appointed as the 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 was also appointed as the General Manager of MGB International For Industry (incorporated in KSA), a wholly owned subsidiary of MGB Construction Sdn. Bhd..

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 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) IBS manufacturing plants with total annual production capacity of approximately 6,000 units of properties.

Mr Lau currently serve as a committee member in Federation of Malaysian Manufacturer (FMM) Selangor and Kuala Lumpur branch.

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

Chief Operating Officer, KSA Division

Gender: **Female** Age: **52** Nationality: **Malaysian**

Ms Yong Shew Mooi ("**Ms Yong**") was appointed as Head of Department Treasury & Purchasing on 1 January 2019. She was 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. Subsequently, she was redesignated as Chief Operating Officer of MGB Construction Sdn. Bhd. ("**MGBC**") on 1 February 2023 and she is overseeing the operation of MGB International For Industry, a limited liability Company and a wholly owned subsidiary of MGBC which was incorporated in Kingdom of Saudi Arabia (KSA).

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.

Profiles of Key Management

MS TAN SUAN SUAN

Head of Department of Treasury & Investor Relations

Gender: **Female** Age: **40** Nationality: **Malaysian**

Ms Tan Suan Suan ("**Ms Tan**") was appointed as Head of Department of Accounts & Finance of the Company on 1 January 2018 and responsible to lead and oversee the entire accounting and finance functions of the Group, which include statutory reporting and banking and finance matters. Subsequently on 1 June 2022, she was redesignated to be Head of Department of Treasury & Investor Relations to focus on cash flow management, strategic funding, banking matters and corporate finance exercises and handling communication between company with its investors and analysts. She is also a member of Risk Management Working Group 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) and Certified Practicing Accountants (CPA), Australia. Ms Tan began her career with Messrs. Ernst & Young ("**EY**") in 2005. Throughout the years with EY, she has accumulated vast audit and advisory services experience 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 Head of Department of Account & Finance of Kerjaya Prospek Group Berhad. Apart from overseeing the full spectrum of account and finance, she also involved in corporate restructuring exercise and successfully completed a major merger and acquisition coupled with private placement of shares as well. Besides, she also assists the Group Managing Director in 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 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS LEE KAR YEN

Head of Department of Contract

Gender: **Female** Age: **45** Nationality: **Malaysian**

Ms Lee Kar Yen ("**Ms Lee**") was appointed as Head of Department of Contract 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 23 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.

Profiles of Key Management

MS YUN SOW LING

Head of Department of Accounts

Gender: **Female** Age: **44** Nationality: **Malaysian**

Ms Yun Sow Ling ("**Ms Yun**") was appointed as Head of Department of Accounts of the Company on 25 April 2022. Ms Yun is responsible to lead and oversee the entire accounting functions of the Group, which include statutory reporting.

Ms Yun is a Member of The Association of Chartered Certified Accountants (ACCA), United Kingdom and The Malaysian Institute of Accountants (MIA). She has worked with an audit firm, listed and non-listed group of companies in Malaysia and has vast experience in audit, internal audit, accounting, taxation, corporate finance and budgetary control.

Her last position prior joining the Company was the Head of Account & Finance cum Human Resource of Nakano Construction Sdn. Bhd. reporting to Managing Director.

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 KHOO WEI LEE

Head of Department of Secretarial, Corporate Affairs & Risk Management

Gender: **Female** Age: **42** Nationality: **Malaysian**

Ms Khoo Wei Lee ("**Ms Khoo**") was appointed as the Head of Department of Secretarial, Corporate Affairs & Risk Management on 1 November 2021. Subsequently, she was appointed as the Joint Company Secretary of Group on 21 February 2022.

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

Ms Khoo has more than 18 years experience in corporate secretarial practice. She started her career with an established secretarial firm from 2004 to 2007 providing a wide array of corporate secretarial services to private companies and public listed groups. Subsequently, she joined commercial industries and was attached to the corporate secretarial department of several listed and non-listed companies of various industries including manufacturing, healthcare and property development. Prior joining the Group in November 2021, she was the Group Company Secretary of Menang Corporation (M) Berhad.

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.

Profiles of Key Management

MR TOH CHIEW KIAN

Head of Department of Human Resource, Operation & Admin

Gender: **Male** Age: **49** Nationality: **Malaysian**

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

He 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 obtained the SHO Certificate and Leadership Certificate from the Federation of Malaysian Manufacturer (FMM) and Faith International University (Tacoma, USA) respectively.

He held various position in the subsidiaries companies within the OYL Berhad Group from 1996 - 2012. He started his career as Project, Sales & Service Engineer with York Malaysia Sales and 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 & 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 ESH Management Programmes including certification of the ISO 14001 & OHSAS 18001 Management system. In his last position as Training & Development Manager in OYL Group, he was responsible for the development of the talent management such as being in charge with the Young Engineer & Manager Program, which includes but not limited to the implementation of technical & soft skills training for the employees.

Prior to joining the Company, he was the General Manager of Charis Green Pasture Sdn. Bhd., responsible for setting up the outlets of a well-known dessert chain in Klang Valley. His task inclusive of design, built, commission and operation of all the F&B outlets.

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 THANASEGARAN SUKUMARAN

General Manager, Project Department

Gender: **Male** Age: **39** Nationality: **Malaysian**

Mr Thanasegaran Sukumaran ("**Mr Thana**") was appointed as the General Manager, Project Department on 1 January 2019. He is responsible for organising, managing, monitoring and analysing projects for the Company and he is currently in-charge of the project at Alam Perdana, Selangor.

Mr Thana graduated with a Bachelor Degree in Civil Engineering from Universiti Putra Malaysia (UPM). He is a member of The Institution of Engineers Malaysia and also a Professional Technologist under Malaysia Board of Technologiest (MBOT).

A year after graduated, he joined MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.) as a site engineer in 2009. Mr Thana works well along with the Directors and Managers of the Company to ensure projects are delivered on time and has over a decade of experience in various aspects of construction sector particularly with landed and high-rise building projects and has successfully completed many 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.

Profiles of Key Management

MS ENG GEOK TIN

General Manager, Manufacturing Division

Gender: **Female** Age: **55** Nationality: **Malaysian**

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.

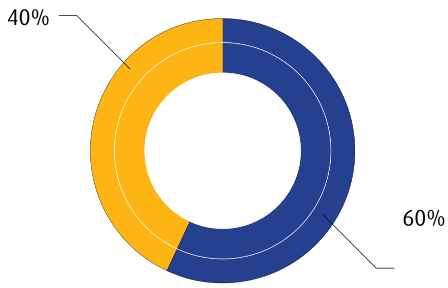
Ms Eng graduated with a Diploma in Cost Accounting from Systematic College in year 1988. She started her career in year 1988 in metal stamping manufacturing under electric and electronic industry for 15 years and held various senior management positions such as Senior Customer Service and Purchasing 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.

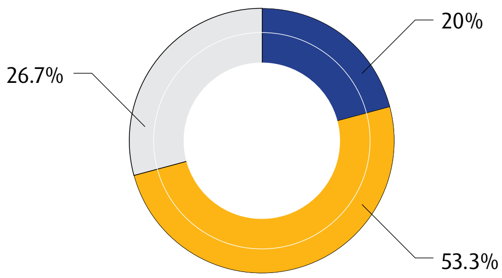
As at 31 March 2023

GENDER



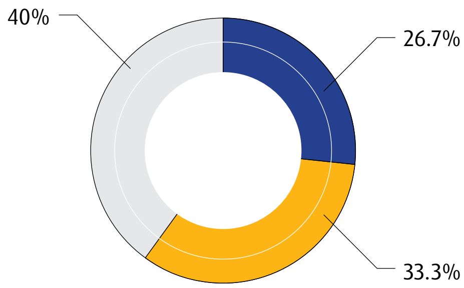
Male Female

AGE



< 40 years old 51 - 60 years old
41 - 50 years old

LENGTH OF SERVICE



1 to 5 years >10 years
>5 to 10 years

SECTION 02:

PERFORMANCE REVIEW

Group's Financial Highlights

Year Ended 31 December	2018 RM'000	2019[1] RM'000	2020[2] RM'000	2021 RM'000	2022 RM'000
Revenue	751,271	756,146	563,274	593,759	**612,801**
Profit Before Tax	45,849	20,905	23,373	39,977	**25,612**
Profit After Tax and Non-controlling Interests	30,409	12,481	14,003	26,578	**14,212**
Share Capital	385,803	388,186	388,186	388,186	**388,186**
Equity Attributable to Owners of the Parent	442,532	456,713	470,618	497,702	**507,385**
Net Tangible Assets	183,850	200,190	215,576	242,341	**251,836**
Basic Earnings per share (sen)	6.49	2.71	2.86	5.18	**2.55**
Gross Dividend per share (sen)	-	-	-	0.91*	**0.50#**
Net Assets per share (sen)	89.06	91.04	93.81	84.12	**85.76**
Net Tangible Assets per share (sen)	37.00	39.91	42.97	40.96	**42.56**
Total Assets	1,042,189	968,580	963,482	938,064	**916,758**
Total Borrowings	231,639	159,375	175,396	86,487	**113,933**
Net Gearing Ratio	0.48	0.28	0.22	0.09	**0.12**
Market Capitalisation	347,821	326,074	300,992	428,948	**307,659**

Remarks

1 *The comparative figures have not been restated following the adoption of IFRIC Agenda Decision.*

2 *The comparative figures have been restated following the adoption of IFRIC Agenda Decision on MFRS 123 Borrowing Costs.*

* *A first interim dividend of RM0.00422 per ordinary share, paid on 30 March 2022.*

* *A final dividend of RM0.00493 per ordinary share, approved by the shareholders at the Annual General Meeting held on 15 June 2022, paid on 20 July 2022.*

A first interim dividend of RM0.00249 per ordinary share, payable on 30 March 2023.

A final dividend of RM0.00250 per ordinary share will be proposed for shareholders' approval at the forthcoming 21st Annual General Meeting.

Financial Calendar

Financial Year Ended 31 December 2022

Announcement of Quarterly Results:

17 May 2022
First Quarter ended
31 March 2022

18 August 2022
Second Quarter
ended 30 June 2022

17 November 2022
Third Quarter ended
30 September 2022

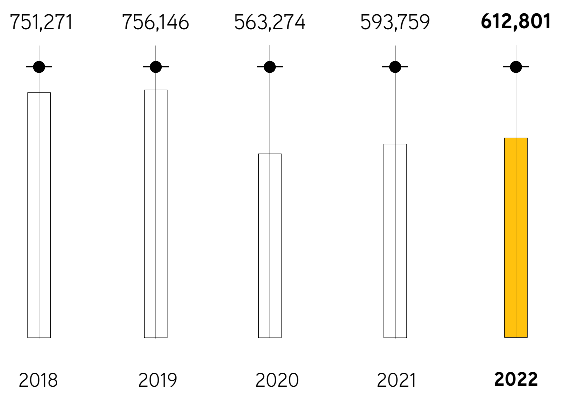
17 February 2023
Fourth Quarter ended
31 December 2022

28 April 2023
Publishing of
Annual Report

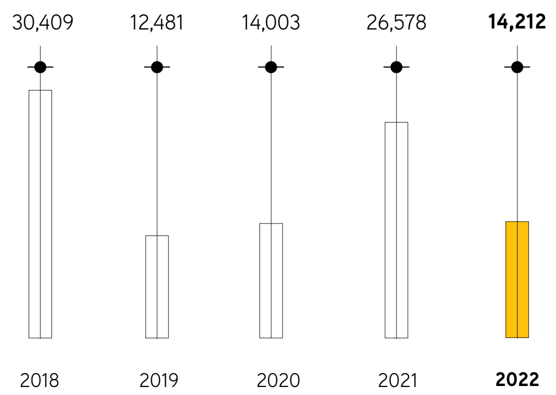
20 June 2023
21st Annual
General Meeting

Group's Financial Highlights

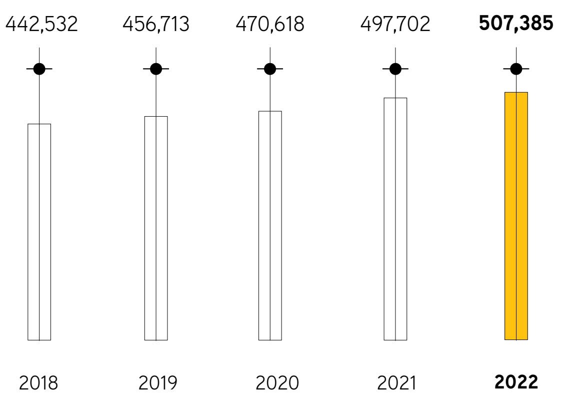
REVENUE
(RM'000)



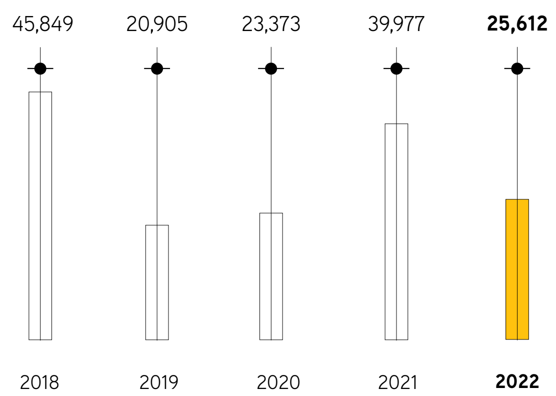
PROFIT AFTER TAX & NON-CONTROLLING INTEREST
(RM'000)



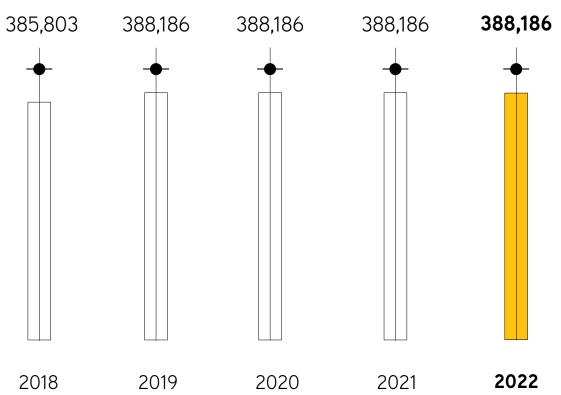
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)



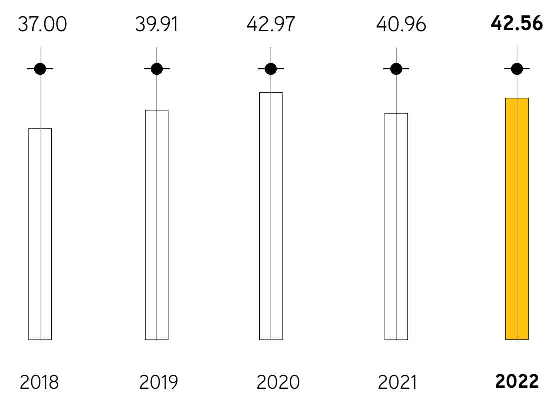
PROFIT BEFORE TAX
(RM'000)



SHARE CAPITAL
(RM'000)



NET TANGIBLE ASSETS PER SHARE
(SEN)



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors of MGB Berhad (**"the Company"**) and its subsidiaries (collectively known as **"the Group"**), it gives me great pleasure to present to you our Annual Report for the financial year ended 31 December 2022 (**"FY2022"**).

Dato' Abdul Majit Bin Ahmad Khan

Independent Non-Executive Chairman

REVENUE

RM612.80 million

for FY2022

3.21%

year-on-year increase

PBT

decrease from

RM39.98 million to

RM25.61 million

Chairman's Statement

The building sector in Malaysia stands at a historical inflexion point. With the global economic slowdown and the rising Overnight Policy Rate ("**OPR**") rate depressing demand for higher value properties, greater attention has turned to affordable developments and to innovative technologies that can unlock greater cost- and time-efficiencies without sacrificing quality.

Against this backdrop, we believe that the Group is ideally positioned to capitalise. In our rich bank of value-driven technologies and our growing network of private and public partnerships, we possess sustainable competitive advantages that will enable us to grow our market share and enrich the lives of more Malaysians in the years and decades to come.

The groundwork for this brighter future is being laid and I invite you to peruse the analysis that follows to glean greater insight into the strategies and plans we have put into place.

A STRONG PERFORMANCE IN TURBULENT TIMES

The past year was an undoubtedly turbulent time in the global macroeconomic landscape. With continued supply chain bottlenecks and labour shortages resulting in higher raw material prices, the Russia-Ukraine conflict brought even greater uncertainty for companies that depend on global supply chains, with many major players forced to suspend ongoing projects.

In spite of these challenges, I am pleased to report that the Group has displayed commendable resilience, not only ensuring that all ongoing projects remained on track but delivering a significant improvement to Revenue, which stands at RM612.80 million for FY2022, a 3.21% year-on-year increase. While our profit before tax ("**PBT**") recorded a decrease from RM39.98 million to RM25.61 million, this can be largely attributed to skyrocketing material and labour costs and should not have a substantial impact beyond the near-term.

Our steady performance during these volatile times can be attributed to our positioning as a value-driven and innovative construction firm. As an end-to-end solution provider – with technologies spanning the construction process from ideation and design to innovative financing and investment solutions – we have been able to unlock economies of scale and gain a clear cost advantage at a time when this is acutely important.

In particular, our experience in using the Industrialised Building System ("**IBS**") construction technique has reaped benefits, as it enables us to mitigate against labour shortages and material price fluctuations by using prefabricated components. We have leveraged IBS to good effect in constructing Rumah Selangor Idaman MBI, a series of affordable home developments in Selangor, and during the past year alone we applied IBS techniques to four developments, totalling 3,143 units.

Thanks in part to our technologies and capabilities, we were awarded a total of five projects in FY2022 which total RM672.79 million in contract value. This grows our order book to RM1.93 billion as at 31 December 2022, and will play a key role in ensuring the continued stability and strength of our business in the years to come.

Applied
IBS techniques to
FOUR
developments,
totalling
3,143 units
in 2022

Awarded a total of
five
project in FY2022
which total
RM672.79
million
in contract value

Order book
increased to
RM1.93
billion
as at 31 December 2022

Chairman's Statement

Completed over

21,000 units

of properties with estimated Total Work Value of

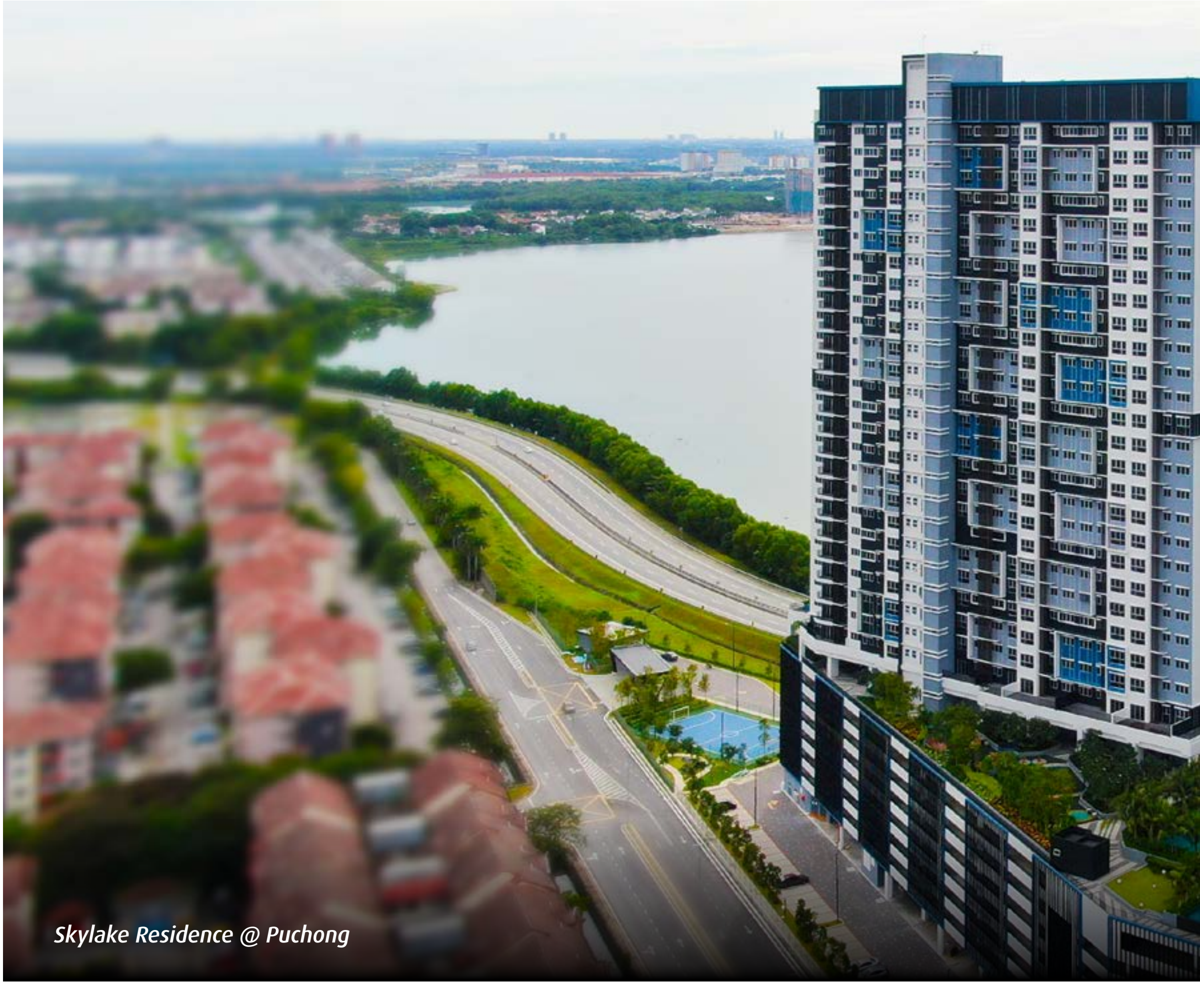
RM6 billion

5 Stars CIDB Score

by Lembaga Pembangunan Industri Pembinaan Malaysia

VaDTech

Value Driven Technology Specialists



Skylake Residence @ Puchong

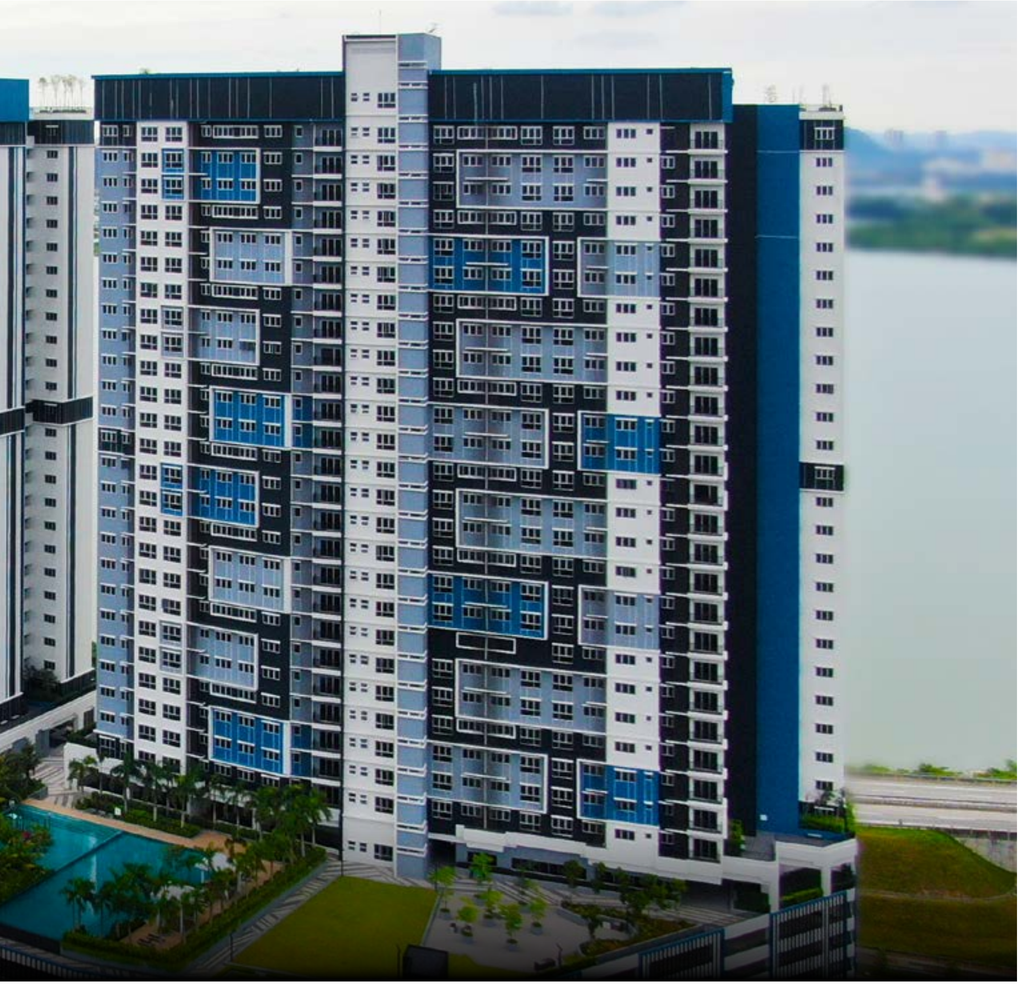
ACCELERATING INTERNAL TRANSFORMATION

As the construction sector evolves – prioritising strict cost control above all – we are evolving in parallel by driving international transformation through the implementation of automation technology and digitalisation.

In FY2022, we furthered our use of digital technology across the construction value chain, leveraging BIM and other design technologies for the design-build stage, introducing digital procurement processes for vendor selection, and implementing advanced digital project management tools for real-time collaboration and sharing across project teams. Collectively, these technologies enable more objective decision-making at all levels of the Group, ultimately leading to improve quality control as well as time and cost savings which we can pass on to our clients.

However, technology is of scant use without human expertise to guide its application, and through our employee engagements we remain closely attuned to the needs of our team. In FY2022, we conducted two hybrid Group-wide townhalls – offering a forum to raise questions and concerns – and provided our employees with a range of role-specific training courses to develop specific areas of knowledge in parallel to current technological developments. In addition, we maintained a comprehensive calendar of employee events, celebrations and after-work sports activities to enhance team bonding, while continuing to offer semi-flexible working hours that enable our employees in specific roles.

In retaining our experienced workforce in an ever-more competitive labour marketplace, I am also pleased to announce that our employees received bonus payouts in January and July 2022, rewarding them for their stellar contributions to our business.



DEEPENING OUR COMMITMENT TO SUSTAINABILITY

As a property developer with a growing landbank footprint across Peninsular Malaysia, it is crucial that we think, strategise and operate ways that generate shared value for the environment, communities and our people. On that note, I'm excited to share the strides that we have taken in this area during the year in review.

On 12 April 2022, we formed the Group's first Sustainability Board Committee. The committee is a dedicated entity which is responsible for considering sustainability issues at the very highest level of the organisation and driving synergy in how these issues are addressed across the Group. During the past year, the committee conducted our most recent materiality assessment, where internal and external stakeholders were consulted on various Environmental, Social and Governance ("**ESG**") topics towards developing a more substantive and wide-ranging sustainability agenda for the Group. Based on the engagements conducted, a widened list of sustainability material matters is presented in this year's report, with areas of focus spanning the ESG spectrum.

At the same time, we are making steady progress in our sustainability performance. Amongst our achievements in FY2022, we maintained our record of zero cases of incompliance and corruption within the Group and continued to adhere to our policy of procuring products and services exclusively from local vendors. Meanwhile, we have witnessed further reductions to our consumption of electricity, water and emissions, placing us on track to achieve our target of reducing GHG emissions by 5% by 2025, against a 2022 baseline.

We are evolving in parallel by driving international transformation through the implementation of automation technology and digitalisation.

As a major construction player, we also have the opportunity to integrate environmentally friendly technologies within our developments and reduce our long-term carbon footprint. In December 2022, we entered a framework agreement to collaborate with energy solutions consultancy and engineering services firm Invest Energy Sdn. Bhd., under which we will explore the use of clean energy solutions within Kerteh Terengganu Industrial Park (KTIP). In doing so, we will contribute to the government's aim to increase the share of renewable energy nationwide to 40% by 2035, in line with the Malaysia Renewable Energy Roadmap.

The accolades we have received a further demonstration of our commitment to sustainable construction. In FY2022 we were proud to receive our seventh (7) consecutive certificate of recognition for OSH Management on Construction of High Rise from Malaysian Occupational Safety and Health Practitioners (MOSHPA), in addition to 5 stars in the SME Competitiveness Rating for Enhancement (SCORE) programme by CIDB Malaysia. By adhering to best practices in how we deliver our projects, we are driving better quality living standards for our home buyers and ensuring safer work environments for our employees.

With a cohesive, purposeful energy behind our sustainability efforts, our overarching aim is to elevate our ESG rating as a Group – which is based on the FTSE Russell ESG Ratings methodology.

Chairman's Statement

We maintained our record of zero cases of incompliance and corruption within the Group and continued to adhere to our policy of procuring products and services exclusively from local vendors.

TAKING STRIDES IN GOVERNANCE

As our business reach expands, it is imperative that we possess the internal processes, standards and procedures to govern our operations and people in a responsible manner. On this note, we have made substantial progress in implementing improved corporate governance practices.

In FY2022, we adopted and revised a wide range of our Group-wide policies, introducing the Group's Diversity & Inclusion Policy, Crisis Management Policy, Fit & Proper Policy, Code of Conduct and Business Ethics, Gifts, Entertainment & Hospitality (GEH) Policy, Donations & Sponsorships Policy, Human Rights Policy and Workplace Harassment Policy. Collectively, these policies detail clear standards that we expect of all our stakeholders while outlining the steps that should be taken in the event of any breaches to these standards. They will enable us to govern more effectively as we expand our operations in the years to come.

Good governance also means embracing a diversity of opinions and viewpoints, and we remain committed to increasing the proportion of women within our Board and senior management in line with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad and the Malaysia Code on Corporate Governance (MCCG) 2021. Our aim is to reach the target of 30% women representation on our Board by 2027.

OUTLOOK & PROSPECTS

While the past few years have presented varied challenges in the building sector - brought about by global turbulence and domestic economic conditions alike – we expect a relative normalisation of our operating environment in FY2023.

The Malaysian economy expanded by 8.7% in 2022, reflecting a strong recovery from the pandemic since the easing of restrictions in April 2022. Meanwhile, the construction sector experienced resurgent growth of 8.8% in 2022, with an average growth rate of 6.1% predicted for the period of 2023 to 2026 aided by government investments in transportation and energy projects.

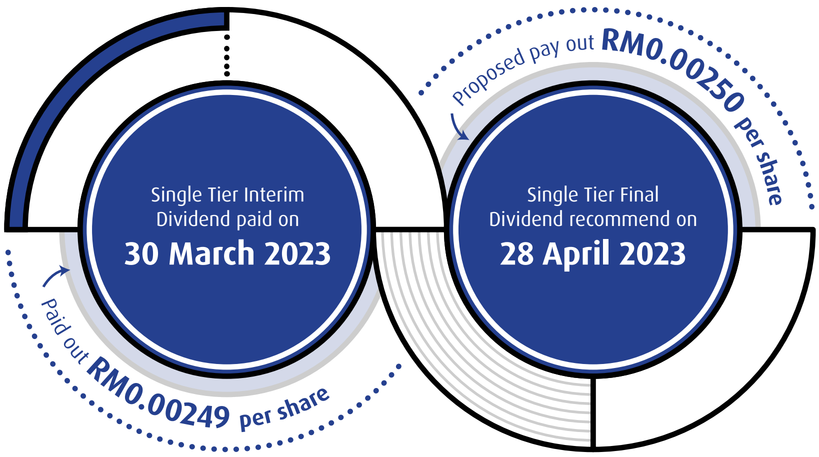
While labour shortages, high material costs and supply chain disruptions continue to have a dampening effect on the sector, our local procurement policy and suite of value-driven technologies – such as IBS – mean that we are well equipped to mitigate against these risks and deliver value for our clients. Furthermore, we foresee that demand for mass market properties will remain strong, bolstered by the government's plan to construct 500,000 affordable homes by the 2025 as part of the 12th Malaysia Plan and a variety of financing schemes to promote affordable home development and home ownership amongst middle-to-lower-income segments. This positions us ideally to grow our already strong order book and secure sustainable earnings over the medium-term. We are also encouraged by the progress made under the government's Public Private Partnership (PPP) 3.0 model, a specialised mechanism to fund infrastructure projects which will offer greater opportunities for construction firms in the country.

Bolstered by these encouraging developments, we will continue to aggressively pursue tender opportunities in the year ahead with a focus on government affordable home projects and internal projects from our parent company, LBS Bina Group Berhad. In doing so, we are confident that our suite of technological capabilities – from project design to project financing – provide us with a winning competitive advantage in the marketplace.

DIVIDENDS

In line with our Dividend Policy to declare and pay a minimum dividend of 20% of the Company's Profit after Taxation and Minority Interest based on ordinary profits, I am pleased to announce that on 17 February 2023, the Board has approved a Single Tier Interim Dividend of RM0.00249 per share in respect to FY2022, which has been paid on 30 March 2023. The Board has further recommended the payment of a Single Tier Final Dividend of RM0.00250 per share on 28 April 2023.

20% of the Company's Profit after Taxation and Minority Interest



Chairman's Statement

MOU Signing Ceremony with SANY Alameriah Construction Co., Ltd. on 13 January 2023

ACKNOWLEDGEMENTS

I would like to offer my heartfelt appreciation to each and every member of our valued team for their sterling efforts and continued perseverance amidst the challenges of the past year.

Our Board have displayed consistent and principled leadership, spearheading the Group's strategic direction while driving the implementation of improved governance and sustainability practices. In particular, I would like to recognise Mr Lim Kim Hoe for his tireless contributions to the Group's growth. Mr Lim resigned from the Board on 1 January 2022, but will continue to play an active role in the business as Deputy Chief Executive Officer and as a director of our subsidiaries.

We also owe a debt of gratitude to our management and employees, who have been steadfast in their dedication and focused in their efforts to drive growth in line with our value-driven proposition. Meanwhile, our stability and strength during trying times is thanks in great part to the continued support and faith of our business partners, bankers, fund managers, clients and shareholders.

I look forward to our continued collaboration in the year ahead as we gear up to embrace the opportunities of a new era in the nation's development.

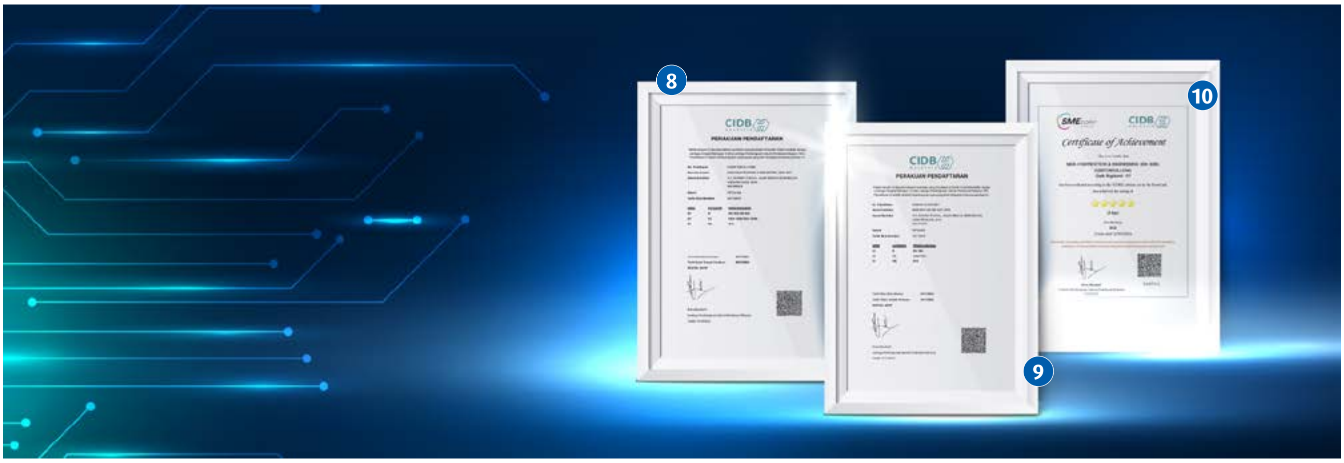
DATO' ABDUL MAJIT BIN AHMAD KHAN
Independent Non-Executive Chairman

Affordable
Homes Specialist
7,210 units
of Rumah Idaman

Awards & Recognitions

MOSHPA			
1	12th MOSHPA OSH Excellence Award 2016	5	16th MOSHPA OSH Excellence Award 2020
2	13th MOSHPA OSH Excellence Award 2017	6	17th MOSHPA OSH Award 2021
3	14th MOSHPA OSH Excellence Award 2018	7	18th MOSHPA OSH Award 2022
4	15th MOSHPA OSH Excellence Award 2019		

Awards & Recognitions



CIDB

8 Construction Industry Development Board (CIDB) Malaysia
- Certificate of Registration
- Grade 7
  (MGB Construction & Engineering Sdn. Bhd.)

9 Construction Industry Development Board (CIDB) Malaysia
- Certificate of Registration
- Grade 7
  (MGB Sany (M) IBS Sdn. Bhd.)

10 Construction Industry Development Board (CIDB) Malaysia
- Certificate of Achievement
- 5 Star SCORE rating
  (MGB Construction & Engineering Sdn. Bhd.)

QMS

11 Quality Management System ISO 9001:2015
(MGB Sany (M) IBS Sdn. Bhd.)

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

EMS

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

OHSAS

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

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.

REVENUE EXPANSION
recorded an increase of
RM19.04
million
in its earnings

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

MGB Group has firmly established itself as a key player in the Malaysian construction industry, specialising in constructing design and build projects and general construction for residential, commercial and industrial buildings, along with infrastructure works as well. As at 31 December 2022, we have constructed more than 21,000 units of properties with work value of approximately RM6 billion, a large majority of which are affordable homes.

Through our wholly owned subsidiary MGB Construction & Engineering Sdn. Bhd. ("**MGBCE**"), we have continued to expand our capabilities as a 'Design & Build' expert that provides a complete range of services from the initial planning and design stages right up to the final stages of operations and management.

In 2017, we supercharged our presence across the construction value chain when we commenced the provision of foundation and geotechnical engineering services and began manufacturing precast concrete products. Having boosted our integrated and synergistic capabilities, we now provide total solutions that provide greater time and cost efficiency to our clients, along with structured workflows and a high level of quality control.

While 2022 brought much-needed hope for a global post-pandemic economic recovery, the Group's operations continued to be impacted by a variety of challenges. These included an increase in material costs, a labour shortage and multiple Overnight Policy Rate (OPR) hikes occurring in May, July and September. We also felt the pinch of ongoing global supply chain disruptions, exacerbated by the Russia-Ukraine conflict and China's strong stance against COVID-19 for much of last year.

Against the headwinds of rising costs and labour shortages, the Group leveraged on our extensive use of Industrialised Building System ("**IBS**") Precast Concrete components to mitigate some of these impacts. Through our manufacture and utilisation of panels, we were able to shorten construction time by 33% and reduce reliance on manual labour by 31%.

In total, we leveraged our IBS construction expertise to accrue an estimated 49% reduction in on-site labour costs, while our use of prefabricated components simultaneously mitigated some impacts of material price fluctuations.

In the face of these external challenges, the Group is pleased to have achieved growth for the cumulative financial year ended 31 December 2022, with revenue increasing by 3.21% or RM19.04 million to RM612.80 million year to date ("**YTD**") for the financial year ended 31 December 2022 ("**FY2022**"), compared to the corresponding year.

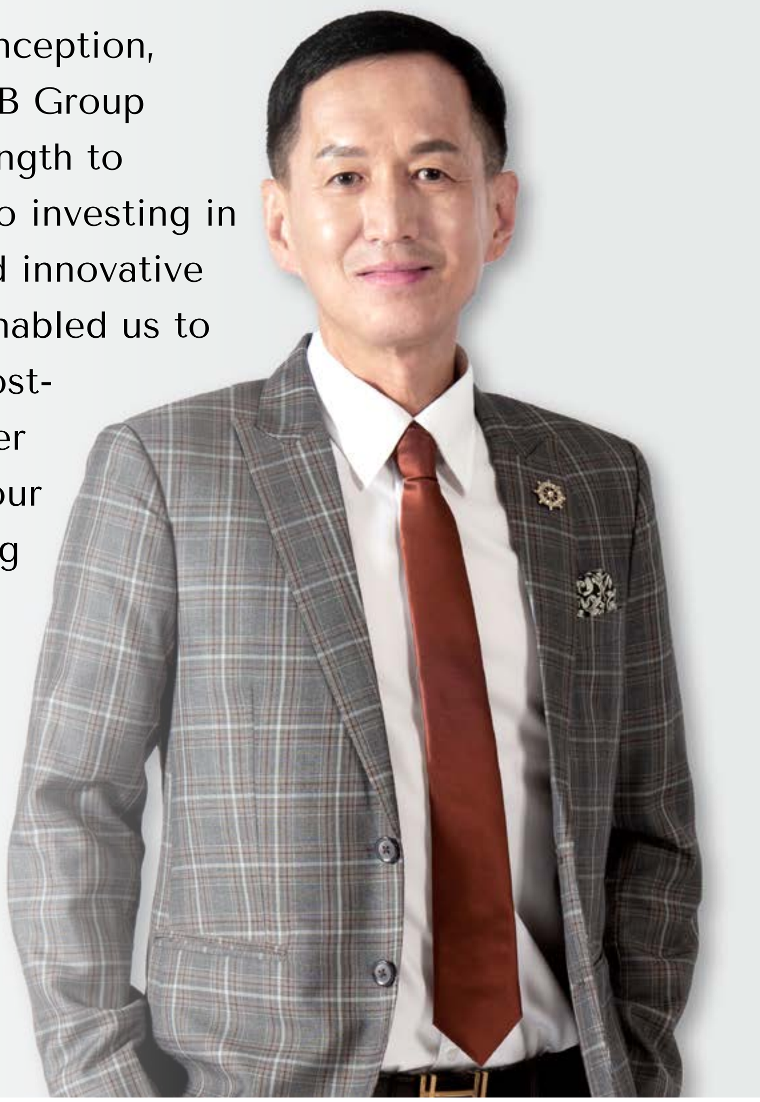
Revenue expansion was spearheaded by our construction and trading segment, which recorded an increase of RM12.04 million in its earnings, while the property division also expanded revenue by RM7 million. Construction and trading division continues to be the primary revenue contributor with a 96.11% share, while property development contributed the remaining 3.89%.

However, the uptick in revenue was counterbalanced by a significant jump in operating costs due to inflation, along with inefficiencies generated by labour shortages. This led to a drop in the profitability for both divisions. Overall, the Group achieved a profit before tax ("**PBT**") of RM25.61 million and a profit after tax and non-controlling interests of RM14.21 million in FY2022.

Management Discussion and Analysis

"Fifteen years on from our inception, I am pleased to say the MGB Group continues to grow from strength to strength. Our commitment to investing in cutting-edge technology and innovative construction methods has enabled us to offer our clients superior, cost-effective solutions with faster turnaround times. Through our unwavering focus on building affordable homes, we have been empowered to deliver strong financial results, even during times of economic uncertainty."

Datuk Wira Lim Hock Guan, *JP*
Group Managing Director



Total Revenue by Division	FY2022 (RM million)	FY2021 (RM million)
Construction and Trading	588.99	576.95
Property Development	23.81	16.81
Total	**612.80**	**593.76**

Total Profit before Taxation by Division	FY2022 (RM million)	FY2021 (RM million)
Construction and Trading	23.82	36.81
Property Development	3.22	5.20
Total	**27.04**	**42.01**

Despite having to navigate challenges outside our sphere of influence, the Group maintained focus during FY2022 on our core objective of constructing and developing affordable housing, most notably via the Rumah Selangorku Idaman scheme by the Selangor state government.

Building upon the three (3) projects that we have been awarded under this scheme since 2020, we secured two new projects in FY2022 and have also received a Letter of Intent for an additional project. This brings our Rumah Idaman portfolio to a total of six projects comprising 7,210 units of affordable homes priced from RM250,000.

In total, we were awarded a total of five (5) new projects totalling RM672.79 million in FY2022.

Management Discussion and Analysis

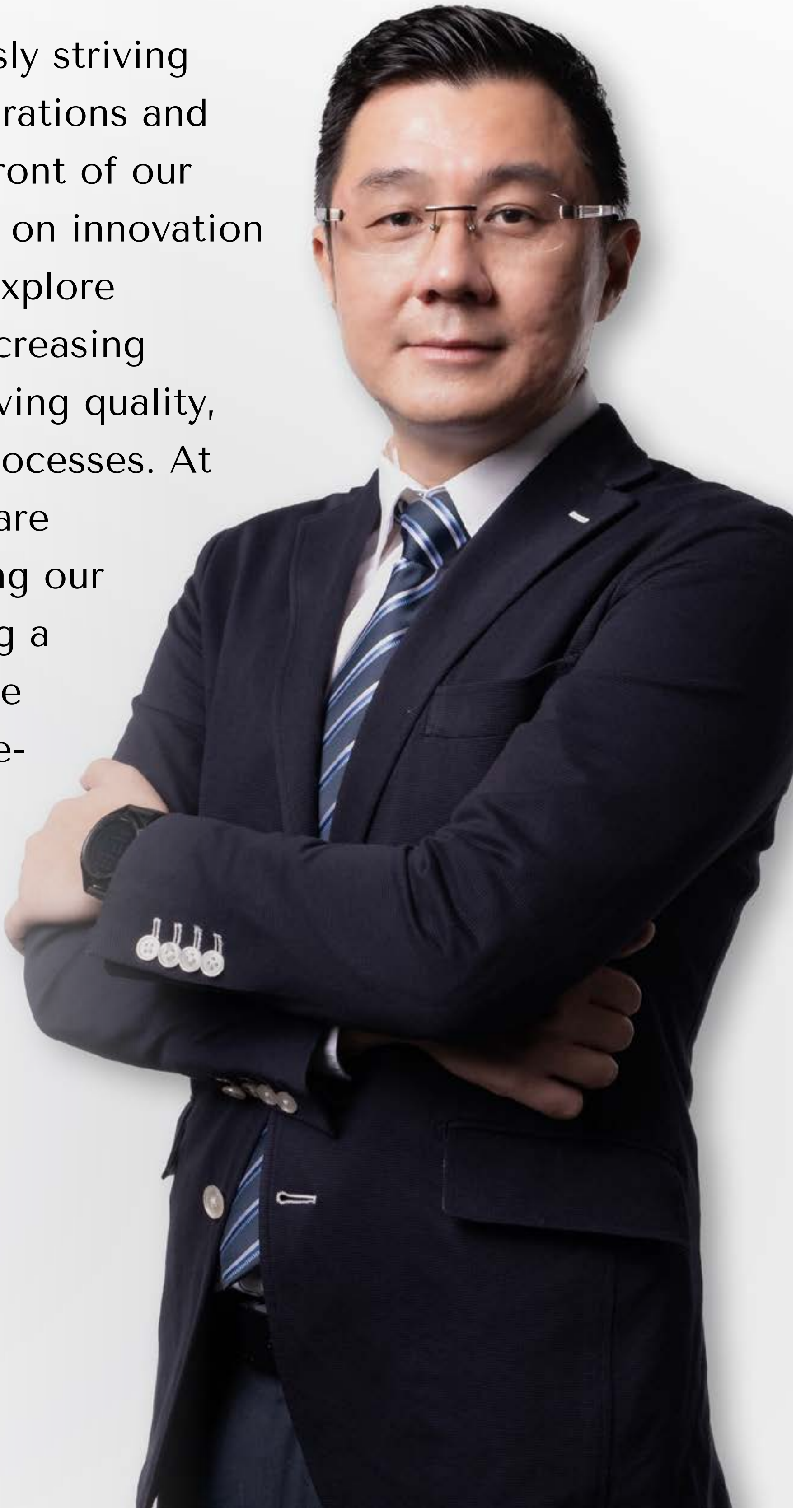
ONGOING PROJECTS

Construction
Kuala Lumpur & Selangor
Alam Perdana
Bandar Saujana Putra
Bukit Jalil
Cybersouth
Puchong
Shah Alam
Johor
Batu Pahat
Johor Bahru
Pahang
Cameron Highlands
Genting Highlands

Property Development
Selangor
Seri Kembangan
Cybersouth
Shah Alam
Puchong
Johor
Batu Pahat
Johor Bahru
Terengganu
Kerteh

IBS Precast Concrete Manufacturing
Selangor
Alam Perdana
Negeri Sembilan
Nilai

"We are continuously striving to advance our operations and remain at the forefront of our industry. Our focus on innovation has allowed us to explore new avenues for increasing productivity, improving quality, and streamlining processes. At the same time, we are constantly bolstering our leadership, inspiring a dedicated workforce and executing value-driven strategies to further improve upon our competitive advantages."



Datuk Lim Lit Chek
Executive Director & Chief Executive Officer

Management Discussion and Analysis

Projects Awarded in FY2022

No.	Name	Location of project	Property type & number of units	Commencement Date	Contract value (RM)
1.	Cyber 1G (Kita Sejati)	PT 61772, Tanah Simpanan Melayu, Cybersouth, Mukim Dengkil, Sepang, Selangor	Apartment – 1054 Units	1 Sept 2022	172,340,565.90
2.	Prestige	Lot PT 82697, Taman Lestari Perdana, Bdr Putra Permai, Mukim Petaling, Petaling, Selangor	Phase 1 Apartment – 725 units Phase 2 Apartment – 725 units	1 Sept 2022 1 Nov 2022	145,737,424.80 79,293,575.20
3.	Idaman Cahaya 1	Lot 4006, Jalan Selasih U12/13A, Seksyen U12, 40170 Shah Alam, Selangor	Earth Work Piling Works for Affordable Apartment - 568 units	1 Aug 2022 3 Jan 2023	834,231.00 3,048,394.80
4.	Idaman Cahaya 2	Lot 4010, Jalan Selasih U12/13A, Seksyen U12, 40170 Shah Alam, Selangor	Earth Work for Affordable Apartment - 872 units	1 Aug 2022	1,178,420.00
5.	Idaman Melur	Lot 120760, Cybersouth, Mukim Dengkil, Sepang, Selangor	Affordable Apartment - 1,448 units	1 June 2022	270,360,234.00

During the year, we continued to drive progress within the industry as Value Driven Technology ("**VaDTech**") specialists, leveraging on our expertise and synergies to achieve better cost competitiveness and speed to market benefits for our clients. Our ability to unlock cost efficiencies and react to market trends during these times of uncertainty have certainly played a role in bolstering our financial resilience and helping the Group achieve favourable outcomes

Our order book currently stands at RM1.93 billion as at 31 December 2022 and provides earnings visibility until 31 December 2025, auguring well for our ability to maintain a steady ship for the foreseeable future.

IBS production capacity up to

6,000 units of properties per year

Total Assets and Liabilities

The Group's total assets stood at RM916.76 as at 31 December 2022, an decrease of RM21.31 million or 2.27% compared to RM938.07 million in financial year ended 31 December 2021 ("**FY2021**"). Approximately RM520.54 million or 56.78% of total assets are contributed by the construction and trading division.

The Group's total liabilities stood at RM410.07 million at 31 December 2022, a decrease of RM30.11 million or 6.84% compared to RM440.18 million in FY2021. Approximately RM356.85 million or 87.82% of liabilities are contributed by the construction and trading division.

Capital Structure and Resources

As at 31 December 2022, the Group's cash at banks stood at RM 53.44 million, comprising of fixed deposits with licensed banks, cash held under our Housing Development Account, along with cash and bank balances.

Our net gearing has increased from 0.09 to 0.12.

The Group continues to leverage on debt funding to support our operations, the details of which are as follows:

Facilities	Limit	Purpose
Hire Purchase Financing	RM 8,000,000.00	Capital Expenditure financing
Contract Financing	RM 40,000,000.00	Working Capital - Project Specific
Bridging Loan	RM 67,000,000.00	Working Capital - Project Specific

Risk Management

Recognising that our business operations are subject to inherent risks that range from financial uncertainty and legal liabilities to technology issues and natural disasters, we enhanced and revised our Enterprise Risk Management ("**ERM**") Framework on 18 August 2022 to guide our practices.

Aligned with the best practices of the ISO 31000:2018 global standard, our enhanced ERM helps us identify such risks, gauge its potential for occurring and size of impact, and prepare contingencies for such instances.

Types of Risks	Context	Mitigation Plan
Dependence on Single Largest Customer	MGB's revenue was mainly attributed to the major shareholder, LBS Bina Group Berhad (LBGB).	• Actively participate in tendering for external parties' project which fulfil margin criteria, especially government projects in building affordable houses. • MGB has also embarked on business diversification to property development, overseas venture, and turnkey projects.
Delay and Shortage of Materials	MGB's Vendors constituted of 100% local suppliers. Nonetheless, the macro-geographical and political factors (eg. COVID-19 lockdown in China, Russia-Ukraine war, trade war) could indirectly impact the sustainable supply of the materials.	• Source materials from alternative suppliers within the industry. • Plan delivery schedule according to the construction work programme and communicate with the suppliers from time to time to ensure timely delivery.
Lack of Competent Staff and Shortage of Skilled Workers	Difficulties in hiring and retaining competent staff (eg. executive staff and skilled workers based at the construction sites).	• To source for local workers via recruitment agencies. • Safety and Health Officer (SHO) and Site Supervisors are responsible for the welfare of the workers. • Monthly dialogue sessions will be conducted by the Human Resource, Operation and Admin Department with the construction workers to understand and address their concerns. • Provide more training programmes for staff development. • Constantly study and revise salary mechanisms based on industry's benchmark.
Fluctuation in Building Material Costs	Building material costs such as steel price could easily be affected by a wide array of factors (eg. fluctuation of commodities price).	• Increased frequency of price change tracking for key building materials. • Secure long-term contract with suppliers for essential materials. • Perform a comprehensive price comparison and negotiation with the suppliers for each purchase. • Conduct value engineering to optimise cost efficiency.

Market Capitalisation:

RM307.66 million

Profit Before Tax

RM25.61 million

Key Business Activity:

Construction

Management Discussion and Analysis

GOVERNANCE AND PRACTICES

Recognising the importance of enhancing our governance practices in line with increased global scrutiny and stakeholder expectations, we implemented and revised numerous new Group-wide policies to guide best practices and set forth our expectations of employees and stakeholders.

Our suite of policies now includes the Group's Diversity & Inclusion Policy, Crisis Management Policy, Fit & Proper Policy, Code of Conduct and Business Ethics, Gifts, Entertainment & Hospitality (GEH) Policy, Donations & Sponsorships Policy, Human Rights Policy and Workplace Harassment Policy.

The Group has continued to hold itself to the highest standards of quality and operational excellence. We remain fully certified in various top global standards, including ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System.

We have also expanded our efforts to factor environmental, social and governance ("**ESG**") issues into our governance, processes and practices. In 2022, we formed the Group's first Sustainability Board Committee and undertook our maiden materiality assessment that consulted both internal and external stakeholders for the determination of various ESG topics upon which we will focus our transformative efforts.

Meanwhile, we have continued to leverage on our 'Local's First' stance with regard to procurement. Sourcing from nearby communities helps reduce our environmental footprint while simultaneously providing support for the economic advancement of surrounding neighbourhoods.

We are pleased to reveal that we successfully achieved the highest rating in the SME Competitiveness Rating for Enhancement (SCORE) programme developed by Construction Industry Development (CIDB) Malaysia. We received our 5-star SCORE rating on 23 Feb 2022, solidifying our reputation as a trusted, reliable and innovative builder of homes.

Further to this, we received the certificate of recognition for Occupational Safety and Health ("**OSH**") Management on Construction of High Rise from Malaysian Occupational Safety and Health Practitioners (MOSHPA) for the seventh (7) consecutive year, evidencing our continued adherence to best practices in OSH.

CONSTRUCTION AND TRADING DIVISION

Our construction and trading segment continued to be the primary revenue contributor of the Group, recording income of RM588.99 million for the financial year under review (YTD FY2022) compared to the preceding year (YTD FY2021) of RM576.95 million.

The revenue increase of RM12.04 million was supported by the successful completion and handover of three projects, namely Cyber 1C – Kita Harmoni, Cyber 1F – Kita Impian and Skylake Residence, along with contributions from the Residensi Bintang and Mercu Jalil projects in Bukit Jalil. This brings our lifetime total of completed properties to 21,000 with a contract value of RM3.5 billion.

Projects Completed in Year 2022

CYBER 1 C - KITA HARMONI

Mukim Dengkil, Sepang, Selangor

674 units
of Terrace

Completion Date on **11 April 2022**

Contract Value of **RM134.70 million**

CYBER 1 F - KITA IMPIAN

Mukim Dengkil, Sepang, Selangor

964 units
of Apartment

Completion Date on **30 June 2022**

Contract Value of **RM150.70 million**

SKYLAKE RESIDENCE

Mukim Dengkil, Sepang, Selangor

746 units
of Apartment

Completion Date on **13 June 2022**

Contract Value of **RM164.20 million**

The segment's PBT, however, was significantly impacted by the increasing price of construction materials and a tight labour market, dropping RM36.81 million to RM23.82 million in YTD FY2022.

Our manufacturing arm for the fabrication of precast products, which currently sits within our construction and trading segment, generated revenue of approximately RM29.91 million purely from internal supplying activities. The figure represents a decrease of RM0.13 million from FY2021.

Should this business contribute external revenue and profit in future, it will be reported separately as its own manufacturing segment.

IBS Manufacturing

Our IBS plant in Nilai, Negeri Sembilan provides immense value to the Group's core business through its manufacture of IBS Precast Concrete components. Our proficient use of IBS has enabled us to meet project deadlines without relying heavily on foreign labour, which has been of great benefit during the ongoing labour shortage.

Together with the mobile plant in Alam Perdana, Selangor, which is operated by our subsidiary MGB SANY (M) Sdn. Bhd., the Group now boasts the capacity of delivering 6,000 units of properties per year using IBS Precast Concrete. Our increased output will prove invaluable as the Group aims to fulfil construction of 7,210 affordable homes within the six Rumah Idaman MBI projects that have so far been awarded to us, with all of these new homes set to utilise MGB's in-house IBS pre-cast technology.

On this note, we are pleased to have launched the second of these six (6) projects in October 2022. Idaman Melur at Cybersouth, Sepang, Selangor consists of two blocks of 23-storey apartments and comprises 1,448 units spread across 12.07 acres. The high-rise residential project is priced from RM250,000 and has an estimated Gross Development Value (GDV) of RM406 million.

Having established our market-leading reputation for IBS construction in Malaysia, we are considering opportunities to extend our expertise to foreign real estate developers. To this end, we have signed a Memorandum of Understanding with a Saudi Arabian real estate developer, SANY Alameriah Construction Co., Ltd., on 13 January 2023. This partnership will entail collaborations to operate a precast concrete factory located in Jeddah, and to supply and install IBS Precast Concrete products to support the construction of up to 10,000 units of properties under the Sakani program of the Kingdom of Saudi Arabia.

Our list of IBS projects since 2018 is provided in the accompanying table, which also details the four (4) new projects we secured during FY2022.

IBS Projects

1
2018 Launched
Irama Perdana @
LBS Alam Perdana
Double Storey
Terrace House
673 units

2
2019 Launched
Rentak Perdana @
LBS Alam Perdana
Double Storey Terrace House
856 units

3
2019 Launched
Kita Bayu
Kita @ Cybersouth
TownHouse
416 units

4
2019 Launched
Kita Bayu
Kita @ Cybersouth
Double Storey Terrace House
379 units

5
2020 Launched
Kita Harmoni
Kita @ Cybersouth
Double Storey Terrace House
674 units

6
2020 Launched
Kita Impian
Kita @ Cybersouth
Serviced Apartment
964 units

7
2021 Launched
Ritma Perdana @
LBS Alam Perdana
Double Storey Terrace House
901 units

8
2021 Launched
Kita Ria
Kita @ Cybersouth
Serviced Apartment
812 units

9
2022 Launched
Idaman BSP
Serviced
Apartment
1,312 units

10
2022 Launched
Kita Sejati
Kita @ Cybersouth
Serviced Apartment
1,054 units

11
2022 Launched
Kita Mesra
Kita @ Cybersouth
Single Storey Terrace House
389 units

12
2022 Launched
Kita Mekar
Kita @Cybersouth
Double Storey Terrace House
388 units

PROPERTY DEVELOPMENT DIVISION

The property development segment also charted growth in YTD FY2022, raising its revenue by 41.6% to RM23.81 million.

The RM7 million uptick was mostly spurred by the new launches of Laman Bayu Phase 3 and 4, for which demand has been robust. Over 95.38% of units have been sold in Laman Bayu Phase 3 and 4 with the project completion standing at 63.58% as at December 2022, while Laman Bayu Phase 1 and 2 delivered vacant possession to house buyers in the previous financial year.

The segment's PBT was impacted by similar challenges of rising operational costs and labour inefficiencies, contracting to RM3.22 million compared to the preceding year's RM5.20 million.

SPURRING SUSTAINABILITY THROUGH DIGITALISATION

A key factor supporting our resilient performance has been our ability to offer added value to our clients via a framework that unlocks the full potential of our technological capabilities.

Our VaDTech approach integrates the use of technology throughout the development process, from conceptualisation to construction, and empowers the Group to provide clients with high-quality engineering and building solutions that are more cost-effective and faster-to-market than previously possible.

Moving forward, we will continue to establish ourselves as a VaDTech specialist and work on developing more comprehensive end-to-end solutions for clients, as we reshape conventions and propel cutting-edge affordable home construction within the industry.

Our Value Driven Technology (VaDTech) Framework

Leveraging Technology to Innovate End-to-End Solutions

PROJECT IDEATION AND DESIGN

Building Informational Modeling (BIM) and other design technologies enable us to develop innovative, modern designs that are cost and resource efficient.

DIGITAL PROCUREMENT

Utilising digital tender platforms for vendor procurement adds convenience and transparency to the process, delivering the optimum supplier value proposition.

IBS CONSTRUCTION

The use of aluminium formworks and precast concrete systems delivers tremendous cost and speed benefits across the entire building and construction process.

DIGITAL PROJECT MANAGEMENT

Projects are managed using internal platforms that enable real-time collaboration and sharing, provding greater visibility for management and troubleshooting.

More than **22 ongoing contracts**

Registered Contractor with **Pusat Khimat Kontrator ("PKK") and the Construction Industry Development Board (CIDB)** with a **G7 Classification.**

PROSPECTS MOVING FORWARD

Looking ahead, the Group remains steadfast in its mission to provide affordable homes for the Malaysian population. Inspired by our tagline of 'Malaysian Generations Builder', we are proud to be providing the important service of developing quality yet attainable homes that Malaysians of all walks of life can aspire to own.

Idaman BSP by IBS

In the current market environment, we are also reaping the rewards of our strategy. During a time of inflation and economic uncertainty, demand for mass market and affordable homes has remained strong compared to high-end properties.

As we prime ourselves to reap the benefits of this robust demand, we have identified key focus areas that we must prioritise in the near- to medium-term if we are to sustain our growth and performance.

Digital transformation to overcome market unpredictability

We appreciate that there remain various factors beyond our control, such as global supply chain disruptions, increased competition, worker shortages and inflationary material costs. However, we believe that digital transformation may provide the key to unlock greater resilience and flexibility in the face of such challenges.

We will continue to bolster and advance our VaDTech approach and adopt other emerging technologies to give us better control over leverage and credit, create a buffer against rising material prices, enhance project execution and boost our profits through higher cost efficiency.

Mitigating impact of tight labour market

The labour shortages faced by many industries during COVID-19 has brought into acute focus the true value of skilled labour and the potential inefficiencies caused by shortfalls in supply.

Looking ahead, we can no longer be reactive to the market. As such, we are committed to proactively finding solutions to effectively retain talent in an increasingly competitive market and will pay closer attention to the shifting labour landscape and evolving workplace expectations to stay ahead of the curve.

Stepping up our ESG initiatives

With increasing global focus on climate change, stakeholders are becoming more sustainability-savvy and placing greater pressure on developers to reduce the environmental footprint of new constructions. As a responsible corporate citizen, we will continue to expand our sustainability governance and framework in order to deliver ESG strategies that comply with regulations, address investor demands and simultaneously benefit communities from a social and environmental standpoint.

We believe there are many steps forward yet to be taken, and we will continue to identify new ways in which we can embed the virtues of sustainability into our designs, construction processes and overall project concepts.

Nevertheless, our efforts to secure more Rumah Idaman projects bore fruit during FY2022 as we secured another three (3) projects with a total of 2,888 units of affordable homes to be constructed. Meanwhile, we are also participating in tenders for other government projects, leveraging on our expertise to deliver a high quality of abode with valuable cost efficiency and speed of construction.

Based on the current market trends and the strength of our current value proposition in comparison with competitors, we truly believe the best of MGB is yet to come. Having learnt the importance of adaptability, resilience and agility from our experiences in the past two years, we are better equipped to face our future challenges and achieve steady and sustainable growth for our business and our stakeholders.

Projects Undertaken

Melodi Perdana @ Alam Perdana

Kita Mekar @ Cybersouth

Idaman BSP

Residensi Bintang @ Bukit Jalil

Mercu Jalil @ Bukit Jalil

Kita Ria @ Cybersouth

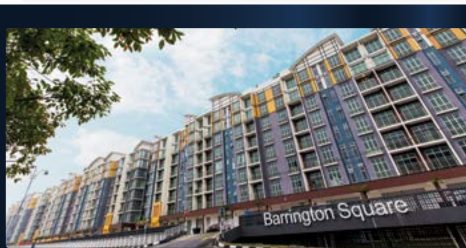
Projects Track Record

SCAPES Hotel & Midhill Apartment @ Genting Highlands

Kita Harmoni @ Cybersouth

Kita Bayu @ Cybersouth

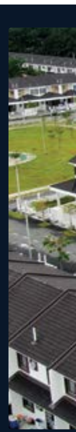
M3 Mall @ Taman Melati



Barrington Square @ Cameron Golden Hills

Somer Square @ Cameron Golden Hills

Irama Perdana @ Alam Perdana



Projects Track Record

Laman Bayu @ Batu Pahat

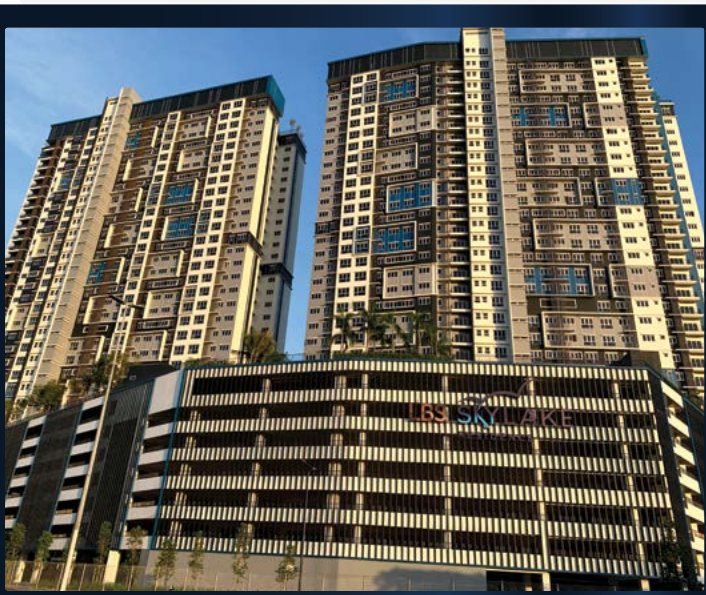
Kita Impian @ Cybersouth

Rentak Perdana @ Alam Perdana

Cameron Centrum @ Brinchang

Zenopy Residences @ Seri Kembangan

BSP 21 @ Alam Perdana



SkyLake Residence @ Puchong

SECTION 03:

CORPORATE GOVERNANCE

Sustainability Statement

Dear Valued Stakeholders,

"At MGB, we understand that our success is not only measured by financial gains but also by the positive impact we create for our planet and communities. Through our continuous efforts to reduce our environmental footprint, support social well-being, and promote ethical business, we strive to lead by example and inspire others to join us on this journey towards a sustainable future."

Datuk Lim Lit Chek
Executive Director & Chief Executive Officer
Chairman, Sustainability Committee

MGB Berhad ("**MGB**" or "**the Group**") is aware of the growing importance of integrating comprehensive Environmental, Social, and Governance ("**ESG**") strategies as part of its overall operational approaches.

As such, the Group has developed a comprehensive standalone Sustainability Report ("**SR2022**") that provides a detailed accounting of MGB's sustainability initiatives and strategies to address key material topics for the financial year ending on 31st December 2022 ("**FY2022**"). This statement summarises said report to provide readers with a basic overview of the Group's ESG progress and how it ties in with MGB's financial and non-financial value creation. For a clearer understanding, readers are advised to refer to the full SR2022. This can be found on MGB's corporate website at: https://mgbgroup.com.my/sustainability/.

This statement has been scoped to include relevant information on MGB and any operating companies and subsidiaries that fall under its direct control. The statement shall include data on MGB's value chain and associated companies wherever applicable.

All information provided within this statement is in accordance with Bursa Malaysia's Sustainability Reporting Guide Third Edition and other relevant frameworks, such as Global Reporting Initiative ("**GRI**") Standards, FTSE4Good Bursa Malaysia Index, SASB Sector-Specific Disclosures, and TCFD Disclosures. MGB has also aligned all its key initiatives with the relevant United Nations Sustainable Development Goals ("**UN SDGs**").

Sustainability Statement

To further guide MGB's sustainability initiatives, the Group held a workshop to develop specific KPIs and targets. Through this workshop, which was led by an ESG Guidance and Advisory company, MGB's Management team developed several key KPIs that align with international standards, particularly the United Nations Sustainable Development Goals ("**UN SDGs**"). These KPIs were then presented to the Group's Board and were approved on 17 February 2023.

The development of these comprehensive targets will guide the Group to further drive MGB's ESG performance and provide a benchmark for measuring the Group's progress in the years to come. Commencing FY2023 onwards, MGB's sustainability reporting will transition from being disclosure-based to performance-based.

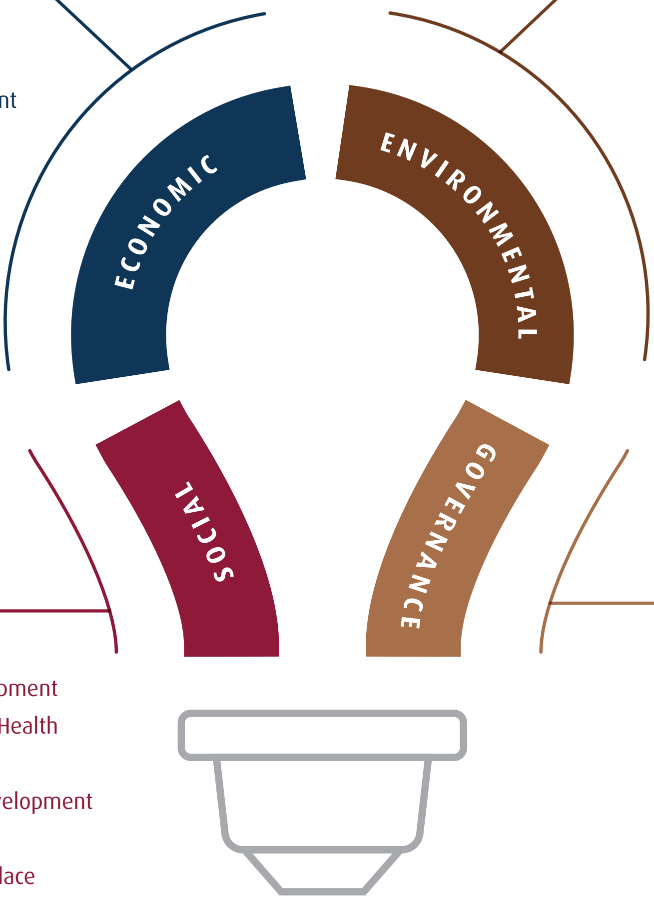
SUSTAINABILITY FRAMEWORK

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.



- Economic Values Generated
- Supply Chain Management
- Digitalisation and Technology
- Product Quality and Responsibility

- Climate Change and Emissions
- Energy Management
- Effluent and Noise Management
- Water Consumption
- Waste Management and Recycling
- Biodiversity

- Customer Satisfaction
- Local Community Development
- Occupational Safety and Health
- Labour Practices
- Talent Retention and Development
- Succession Planning
- Equal Opportunity Workplace

- Data Privacy and Security
- Corporate Governance and Anti-Corruption
- Regulatory Compliance
- Board Diversity

MGB KPIs and Targets

GOVERNANCE

- Zero monetary / non-monetary censures, penalties, or complaints on governance issues annually.
- To reach minimum of 30% female directors on the Board by 2027.

ECONOMIC

- To achieve more than 70% QLASSIC scores for all new projects.
- To achieve 20% of BIM utilisation in all property development projects.

ENVIRONMENTAL

- To divert 10% of waste from landfills annually based on FY2023 waste generation baseline by 2025 (a waste generation system will be established by 2023).
- To achieve 5% IBS adoption rate by 2025.
- To achieve net zero carbon emission by 2050.
- To achieve 5% reduction in carbon intensity measured over revenue (based on FY2022 baseline) by 2025.
- To achieve 5% reduction annually for both direct and indirect energy efficiency as measured over revenue by 2025.
- Zero incidences of non-compliance for air, water, and noise annually across all project sites.
- Zero single-use plastics at construction sites by 2025.
- To achieve 5% reduction in water intensity as measured over revenue by 2025.
- To exceed the 10% regulatory minimum of green landscapes for all new project launches from FY2023 onwards.

SOCIAL

- To achieve Loss Time Injury ("**LTI**") less than 0.7.
- Zero fatalities.
- Suppliers & vendors are committed to fully comply to the employment statutory on hiring of workers.
- Zero incidents of labour / human rights infringements.
- To achieve 4 volunteering hours per employee per annum.

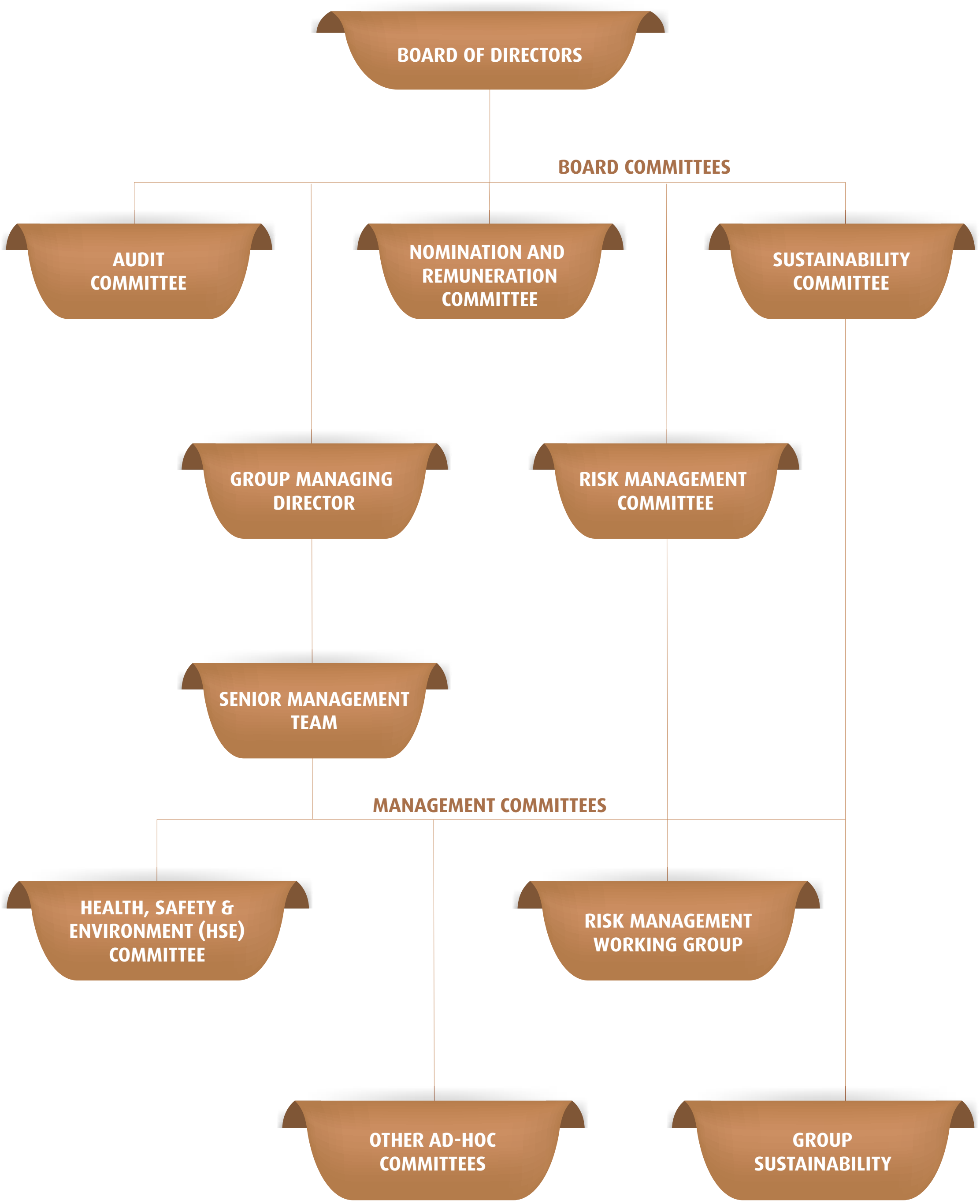
Sustainability Statement

SUSTAINABILITY GOVERNANCE

Sustainability Governance Structure

MGB integrates sustainability governance into its overall structure to effectively incorporate key sustainability topics into planning and management. A Board-level Sustainability Committee is formed under the Board and Senior Management for the highest decision-making level.

A dedicated Group Sustainability team drives ESG policies while management committees focus on specific topics, all collectively managing, implementing, and monitoring sustainability initiatives outlined by the Board. This approach ensures connectivity between policies and goals with on-ground realities for efficient progress toward KPIs and targets by all personnel.



Please refer to Corporate Governance Overview Statement in Page 74 for further information.

Sustainability Statement

MGB has also adopted several governance policies to assist in strategising organisational goals. For FY2022, these include:

Audit Committee Terms of Reference	Board Charter	Risk Management Committee Terms of Reference
Enterprise Risk Management Framework	Sustainability Committee Terms of Reference	Sustainability Policy
Code of Conduct and Business Ethics	Human Rights Policy	Workplace Harassment Policy
Gift, Entertainment & Hospitality Policy	Donations & Sponsorships Policy	Dividend Policy
Fit and Proper Policy	Diversity and Inclusion Policy	Crisis Management Policy

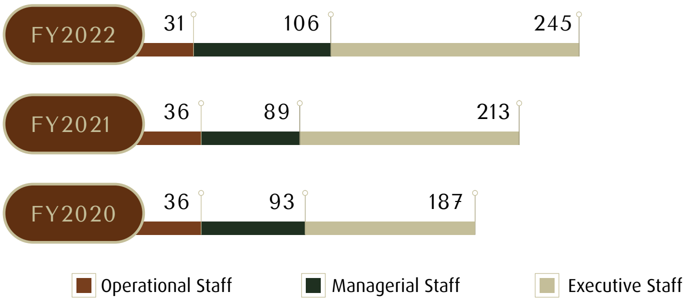
For more information, please click on the icons.

Sustainability Statement

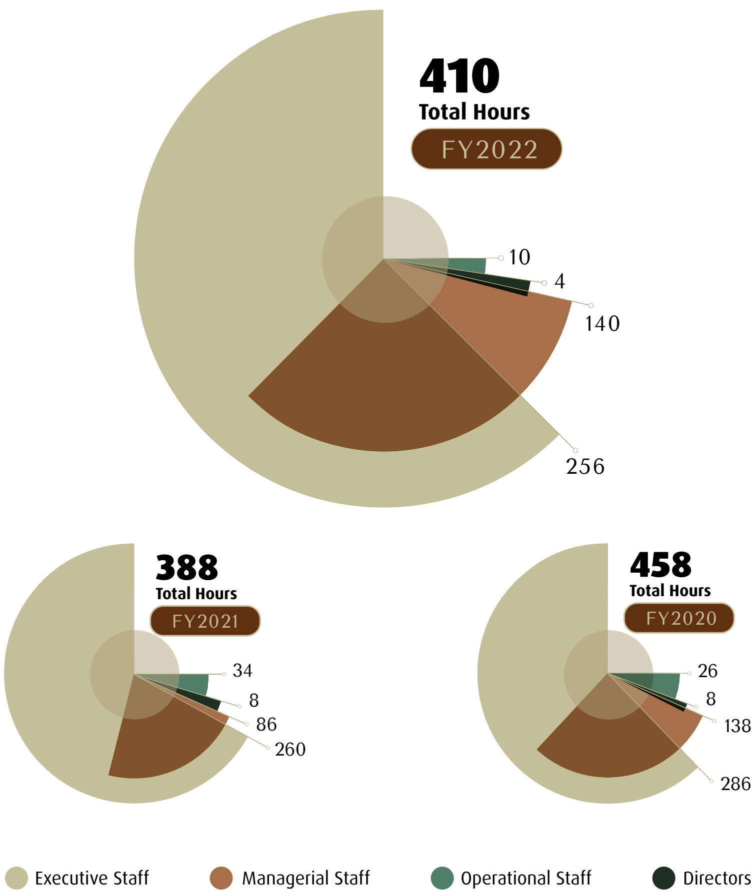
Anti-Corruption

MGB has a strict zero-tolerance approach to all forms of bribery and corruption within the Group and its supply chain. To prevent such cases, the Group adopted an Anti-Bribery and Corruption Policy in FY2020, defining corruption and outlining procedures for managing and addressing such cases. This policy complements the Whistleblowing Policy, allowing whistleblowers to report instances of improper conduct. Together, they create a holistic mechanism to prevent corruption within the organisation and its dealings with stakeholders. The Group's ABC Policy is readily available for reference at: https://mgbgroup.com.my/investor-relations/.

Total Employees Who Received Anti-Corruption Training



Total Training Hours



Code of Ethics

MGB upholds ethical conduct and corporate governance in its daily operations, promoting integrity and professionalism across all levels and supply chain. The Code of Conduct and Business Ethics ("**Code**") as a guiding framework for all personnel, holding them accountable for any violation, including termination of employment.

Whistleblowing Channel and Policy

MGB has taken further steps to ensure its internal governance remains reputable and free of improper conduct by adopting a Whistleblowing Policy under the Whistleblower Protection Act 2010, Companies Act 2016, and Capital and Market Services Act 2007.

A dedicated Investigative Committee has been assigned to oversee all reports made through the Group's Whistleblowing channel. The committee is responsible for investigating all reports of improper conduct and taking the necessary actions to resolve them with the respective divisions involved.

There were no reports made under the Group's Whistleblowing channel in FY2022.

Ethical Supply Chain

MGB's commitment towards upholding ethical governance and sustainability practices does not end with the Group and is also extended to its supply chain. All suppliers who wish to work with MGB must provide written acknowledgement to comply with all relevant policies of the Group. In FY2022, most of MGB's suppliers had provided written acknowledgement of compliance.

Suppliers who fail to adhere to MGB policies or do not provide the required acknowledgement will first be given opportunities to rectify themselves. Following this, however, repeated offences will result in the supplier being denied prospects of working with MGB. MGB may also take further action and report said party to the regulatory authorities wherever necessary. So far, all MGB suppliers have been compliant.

Data Privacy and Security

MGB strictly adheres to the Personal Data Protection Act 2010 and only collects relevant data with explicit consent. Data is used for engagement purposes only and is not sold or made available to third parties except enforcement authorities.

The Group implements the latest safeguards to protect customer and confidential information, including firewalls, password systems, and routine screening for cyber threats by the internal IT Department. No data breaches occurred in FY2022.

Sustainability Statement

STAKEHOLDER ENGAGEMENT

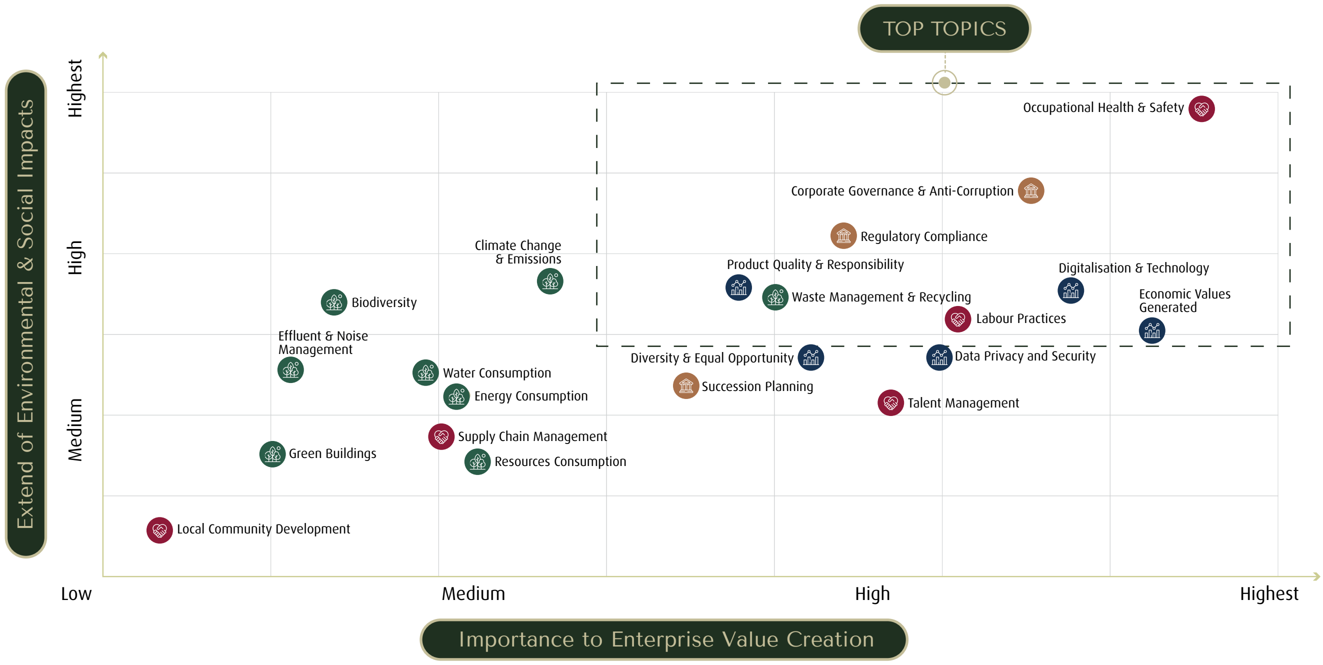
MGB's overall approach towards ESG and sustainability is driven by material topics deemed important through robust and comprehensive stakeholder engagements. These stakeholders are identified as individuals, groups, or organisations that either impact or are impacted by MGB's business operations.

Specific details on engagement with stakeholders are provided in the Group's full Sustainability Report 2022.

ACCESSING MATERIALITY

MGB conducted a Materiality Assessment Exercise in FY2022 to identify key ESG topics. The exercise involved a workshop with Board and Management representatives, as well as an online survey for external stakeholders.

Following this process and feedback from key stakeholder groups, MGB has developed the following materiality matrix for FY2022, where the top material topics deemed critical to MGB were:



Environmental	Governance	Economic	Social

Occupational Health & Safety	Corporate Governance & Anti-Corruption	Regulatory Compliance	Product Quality & Responsibility
Digitalisation & Technology	Waste Management & Recycling	Labour Practices	Economic Values Generated

With these key material topics identified, MGB has been able to link them with specific targets and KPIs. This allows the Group to focus effort, time, and resources on areas that pose the greatest risk to its business and stakeholders.

Moving forward, MGB will revisit these material topics through an annual MAE. Through this periodic assessment, the Group will be able to update its risk register by assessing new risks, evaluating the effectiveness of existing management measures, and reviewing any changes to regular standards or regulations that guide said measures. This proactive process will allow MGB to remain responsive to any ESG-related risk, effectively safeguarding the Group's business operations and stakeholders' interests.

Sustainability Statement

INDIRECT ECONOMIC VALUES

MGB acknowledges that generating profit for stakeholders is important but recognises that sustainable business requires considering impacts from both financial and non-financial values in the short-, medium-, and long-term. Financial and non-financial values are interdependent, with sustainability policies and initiatives requiring financial capital for growth and development. At the same time, ESG focuses on driving improvements within the Group, leading towards better financial performance.

The Group also generates indirect socioeconomic values through its business operations, including creating job opportunities, supporting local supply chains, and empowering communities. More detailed indirect economic impacts are provided in the Group's full Sustainability Report 2022.

Indirect Economic Value	FY2020[1] (RM'000)	FY2021 (RM'000)	FY2022 (RM'000)
Economic Value Generated	568,079	595,654	**615,098**
Economic Value Distributed	552,679	569,035	**605,846**
a) Total Monetary Value/ Spend on Procurement (Operating Cost)	509,230	519,981	**549,352**
b) Total Payout to Employees in Salaries and Benefits	25,845	30,099	**33,902**
c) Taxes Paid to Government	9,370	13,400	**11,400**
d) Repayments to Financiers	8,084	5,536	**5,508**
e) Dividend Returns to Shareholders	-	-	**5,413**
f) Community Investments	150	19	**271**
Economic Value Retained	15,400	26,619	**9,252**

Remark

1. *The comparative figures have been restated following the adoption of IFRIC Agenda Decision on MFRS 123 Borrowing Costs.*

Local Procurement and Supply Chains

MGB's Locals First policy prioritises local supply chains for better cost control, flexibility, and sustainability. It also creates job opportunities and contributes to national taxes while reducing energy usage, emissions, and pollution. MGB achieved a 100% local procurement rate in FY2022, conducting rigorous background checks and audits to ensure policy compliance. Future plans include incorporating ESG elements into supplier forms and using CTOS scores for background checks.

Product Quality and Satisfaction

The quality of its products is crucial to the branding and reputation of MGB as it ensures customer satisfaction and retains their loyalty. In the long term, this also translates to higher revenue and profitability. MGB assesses quality through internal and external audits based on the ISO 9001:2015 system and from customer reviews and surveys. December 2022, LBS' Property Management & Customer Relations began overseeing all customer services.

MGB's approach towards product quality is geared more towards reaching a high standard of product workmanship throughout the construction process. The quality of all products and services is maintained by ensuring that what is presented visually to customers is provided on the actual site. This prevents discrepancies that could be accused of being misleading. Overall, MGB product and services have continued to strive to improve the QLASSIC Scores as shown below:

Build Quality	CIDB QLASSIC Score	IBS Score
Kita Impian	65%	66%
LBS SkyLake Residence	69%	-
Kita Bayu	71%	64%
Kita Harmoni	69%	92%

Customer Satisfaction	FY2021	FY2022
Complaints Received	697	**111**
Complaints Resolved	92%	**91%**

Innovative Solutions Provider

MGB's unique selling point is its Value-Driven Technology ("**VaDTech**") approach, which uses technological solutions to offer enhanced value to clients. This approach allows MGB to deliver cost efficiency, faster construction, innovative designs, and higher build quality while maintaining a reduced environmental footprint. VaDTech is based on the Group's philosophy of continuous improvement, enabling MGB to innovate and redefine the best possible solutions for construction requirements. Through VaDTech, MGB is able to consistently meet clients' aspirations for better design and build quality.

Through the VaDTech approach, MGB places value at the heart of its operations which is created through the application of leading design and building technologies. In particular, MGB's Industrialised Building Systems ("**IBS**") and other innovative capabilities allow the Group to provide new solutions ranging from project ideation and design to end-project financing. With two IBS plants, the Group's competitive strength lies in its agility to leverage technological solutions, industry expertise and experience, and the ability to successfully undertake all aspects of the value chain.

ENVIRONMENTAL DISCLOSURES

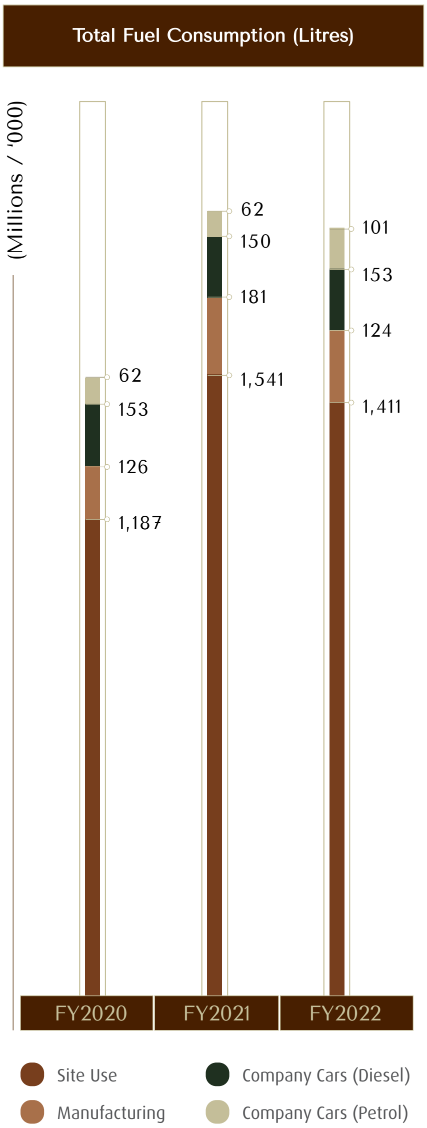
MGB minimises negative environmental impacts with comprehensive policies that surpass regulatory requirements. All project sites adhere to ISO 14001:2015 standards, with Environmental Management Plans ("**EMPs**") developed for each project to monitor and assess environmental practices and potential impacts. Being a VaDTech specialist, the Group adopts technological innovations such as IBS and BIM to optimise operations and streamline processes for better efficiency.

Energy Consumption

MGB closely monitors energy consumption across the Group, as it is linked to various environmental factors. Fossil fuels, including diesel and petrol, power vehicles and machinery, while electricity from the national grid is also used. The Group's energy management is primarily motivated by a robust HSE Policy and is further strengthened by its EMS 14001:2015 certification. MGB also conducts frequent training programs and updates to raise employee awareness, ensuring that all members of the organisation share the same energy management values in accordance with internal policies and UN SDG 17 (Responsible Consumption & Production).

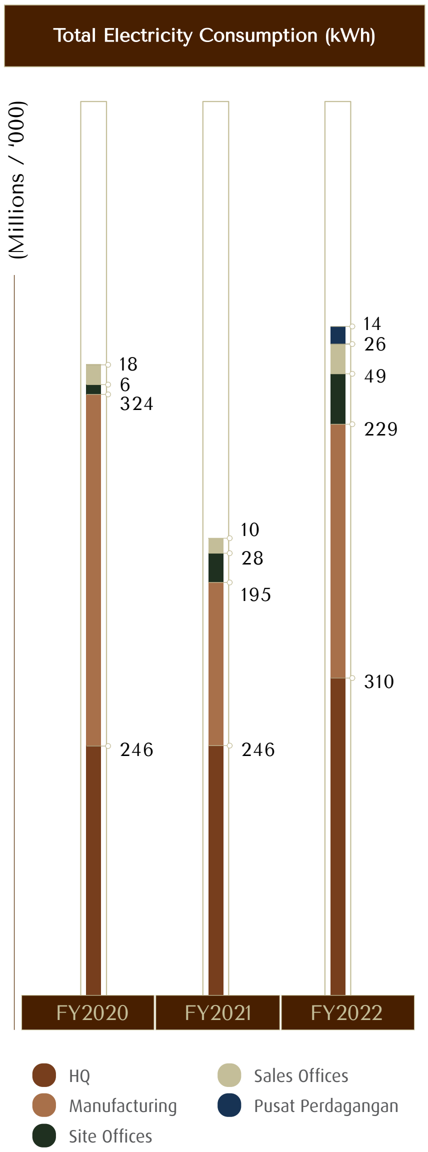
Direct Energy Consumption

Fuel Consumption

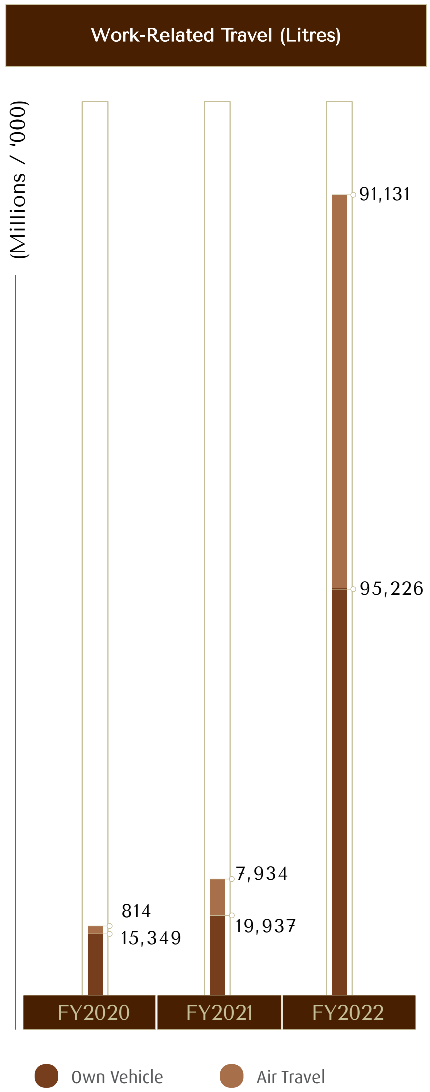


Indirect Energy Consumption

Electricity Consumption



Fuel Consumption



Climate Change & Emissions

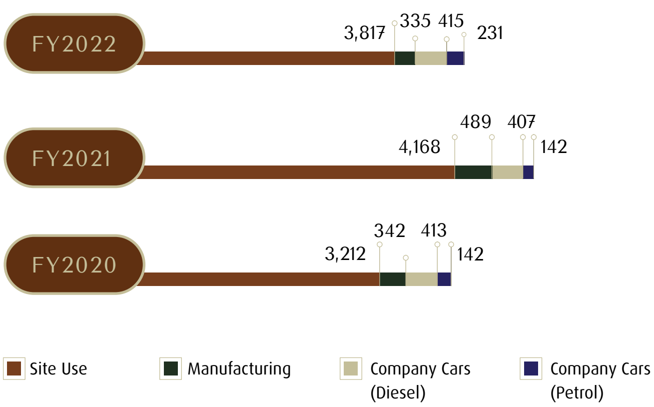
Given the profound risk posed by climate change in Malaysia and the world, MGB takes a serious stance on controlling and managing emissions from its operations. And as the Group's construction and property development operations are energy-intensive, these sectors are among the biggest sources of emissions.

Climate change poses a significant risk to MGB's business operations due to potential disruptions in local weather patterns, natural disasters, and rising sea levels. This could result in higher operating costs and decreased productivity. MGB has been reducing emissions and taking a top-down approach to integrating climate action into all aspects of its business divisions. Whenever required by the authorities, MGB shall also conduct climate assessments, especially for projects that may be at increased risk of climate-related issues.

The Group will continue emission control and climate change initiatives, including reducing fossil fuel consumption in daily operations and increasing IBS utilisation by 40% to reduce emissions from construction activities.

Direct and Indirect Emissions

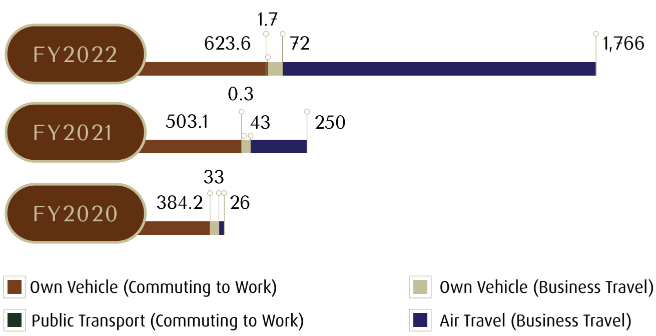
SCOPE 1 EMISSIONS (CO_2E TONNES)



SCOPE 2 EMISSIONS (CO_2E TONNES)

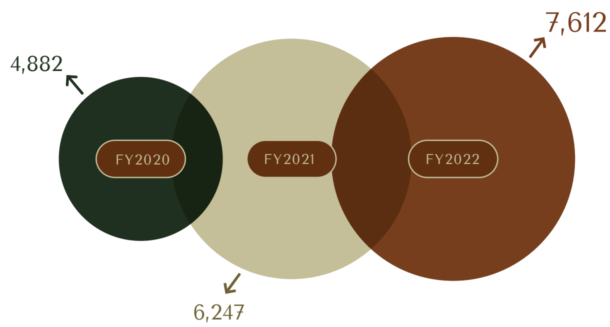
Note: The emission factor used in Scope 2 emission is based on UNFCCC Harmonised Grid Factors 2021.

SCOPE 3 EMISSIONS (CO_2E TONNES)



Note: Scope 3 emission source is scoped to include employees commuting to work using own vehicles and public transportation. The emission factor used in Scope 3 emission is based on EPA GHG Emission Factor Hub - Table 10.

TOTAL GHG EMISSIONS (CO_2E TONNES)



Note: Total GHG emissions is based on the subtotal of Scope 1, Scope 2 and Scope 3.

Volatile Organic Compounds ("VOCs")

MGB has consistently implemented actions to minimise the emission of Volatile Organic Compounds ("VOCs") from its operational activities. The use of paints and emulsions with little to no VOC content has been instrumental in achieving substantial progress in this area.

In FY2022, MGB recorded total VOC emissions of 118.63 kg per litre of paint. A detailed breakdown is provided in the standalone SR2022.

Sustainability Statement

Water Consumption

MGB's water management follows its HSE Policy and UN SDG 17. The Group's water management strategies are further strengthened by its ISO 45001:2018 and ISO 14001:2015 certification which has been in place since 2015 and 2017 respectively and mainly monitors excessive water consumption in concrete batching. In office buildings, rainwater harvesting reduces water usage. Water is primarily from municipal sources and recycled for non-critical works.

MGB remains committed to establishing a water management plan for all project sites by 2028. This is intended to support identifying and utilising alternate water sources within project areas and reduce the dependency on potable municipal water sources. MGB is also exploring the viability of investing in other sustainable water supply sources, such as water treatment and wastewater treatment plants.

All water discharged from MGB's project sites comply strictly with regulations set by the Department of Environment ("**DOE**") Malaysia. Thus far, in FY2022, there have been zero incidents of non-compliance.

Zero single-use plastic bottles at construction sites.

Waste Management

MGB prioritises waste management as it relates to climate change and uses the 3R approach and circular economy systems. The Group targets to divert 10% of waste from landfills and plans to establish a waste generation system by 2023. MGB restricts single-use plastics at project sites and hires licensed third-party contractors for hazardous waste disposal.

In the future, MGB expects a far more optimised waste management and reduction system, especially with the increased adoption and reliance on technology as well as the IBS Precast Construction System.

MGB Sany Precast Factory – Recycled & Non-Recycled Waste

Material		Unit	Year		
			FY2020	FY2021	**FY2022**
Non-Recycled	Cement	MT	307	237	**235**
	Sand	MT	2,224	743	**705**
	Aggregate	MT	1,120	738	**738**
Recycled	Steel Bar	MT	95	76	**84**
	BRC	PC	3,455	2,530	**2,993**

Adoption of renewable energy at IBS Precast Factory by 2023.

Sustainability Statement

Material Consumption

Leveraging on its position as the key VaDTech Solutions specialist, MGB has been consistently driving prudent resource management through technological innovations. The Group is aware that improperly managed resource consumption can have carry-over impacts on other environmental sectors, such as increased energy consumption, waste generation, and emissions.

As such, the Group's 3R approach, alongside streamlined IBS and BIM processes, has allowed MGB to further reduce the consumption of raw materials during the construction process.

Materials	Unit	Year		
		FY2020	FY2021	**FY2022**
Concrete	RM	18,789,948	21,038,182	**17,427,950**
	KG	251,404,940	286,283,397	**190,854,598**
Reinforcement Bar	RM	11,870,994	22,429,011	**16,541,553**
	KG	5,515,599	7,102,882	**5,321,121**
Diesel	RM	2,405,278	3,770,028	**4,691,039**
	LITRE	1,472,560	1,748,270	**1,506,380**
Cement	RM	1,732,107	1,817,186	**1,385,697**
	KG	6,066,630	8,515,210	**6,410,175**
Sand	RM	895,310	740,256	**519,679**
	KG	31,069,655	25,234,481	**18,653,141**
Aggregate	RM	1,119,857	793,181	**602,215**
	KG	37,286,000	26,295,500	**19,932,106**
Bricks	RM	14,613	15,570	**4,975**
	KG	193,157	176,186	**13,028**
Paint	RM	1,951,772	3,135,893	**2,181,619**
	LITRE	377,720	620,980	**481,360**
Admixture	RM	446,626	276,520	**308,527**
	KG	164,186	102,000	**121,505**
BRC	RM	3,588,701	3,332,847	**3,428,054**
	PC	22,489	16,384	**20,050**
Joint Plate	RM	1,235,211	1,011,784	**1,375,490**
	PC	198,887	123,292	**134,600**
GI Wire 20#	RM	69,204	59,228	**69,933**
	ROLL	10,226	6,305	**7,717**
Styrofoam	RM	4,024	1,432	**858**
	PC	708	252	**144**
Mould Oil	RM	172,580	174,120	**162,580**
	DRM	219	218	**193**

Materials	Unit	Year		
		FY2020	FY2021	**FY2022**
OPC Cement	RM	24,478	57,152	**32,360**
	BAG	1,508	3,484	**2,090**
Plastic Spacer – 25mm	RM	13,446	13,317	**37,530**
	PC	284,900	249,000	**404,000**
Plastic Spacer – 50mm	RM	24,593	16,870	**5,700**
	PC	403,220	241,600	**80,000**
Plastic H/D Chair Spacer – 25mm	RM	-	-	**4,200**
	PC	-	-	**30,000**
Masking Tape 2”	RM	10,608	-	**1,398**
	ROLL	10,677	-	**1,165**
Corrugated Duct (Halfen Moment) – Dia 40mm	RM	1,957	42,283	**14,926**
	LENGTH	100	2,413	**819**
Flexible Corrugated Metal Sleeve – Dia 40mm	RM	187,170	7,280	**2,002**
	ROLL	1,141	56	**22**

Environmental Performance Monitoring

Environmental performance monitoring is conducted periodically by independent third-party contractors or department enforcement officials to ensure that all operations under MGB comply with prescribed government regulations, especially concerning air, water, and noise pollution.

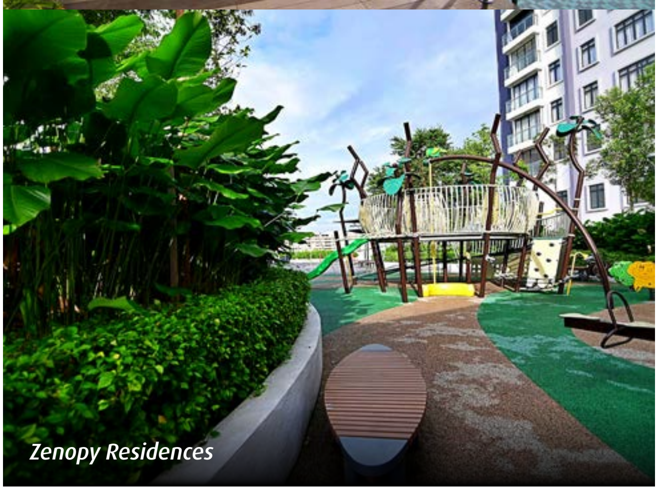
Thus far, MGB has upheld its regulatory compliance and was not fined or served site closure notices due to poor environmental performance in FY2022.

Biodiversity

MGB values biodiversity’s important role in regulating environmental services and its links to local cultures and livelihoods. As an organisation primarily operating within the construction and property development sector, biodiversity loss is undeniably part of MGB's business nature. To this extent, the Group has set a target to comply with regulatory green landscape standards and exceed the 10% requirement for all new project launches from FY2023 onwards.

Currently, the Group does not operate on sites of high conservation value. Regardless, MGB consistently conducts biodiversity assessments as part of the DOE-required Environmental Impact Assessments ("**EIA**") or as standalone audits.

Recent biodiversity assessments have found none of MGB’s project sites are within 5 km of any key biodiversity areas. As such, no tangible impact is expected. A detailed breakdown is provided in the standalone SR2022.



Zenopy Residences

Sustainability Statement

SOCIAL DISCLOSURES

MGB prioritises social performance and focuses on talent management, labour and human rights, and local community development. This includes the Group's impact on society, communities, and employees. MGB also oversees its workforce, including third-party construction workers and those provided by subcontractors or manpower companies. Details on MGB's performance and highlights in addressing these social material topics are provided below and in further detail within the Group's standalone SR2022.

Talent Management

MGB values talent as crucial in supporting and developing the Group's long-term sustainability agenda. MGB recognises human capital's importance in driving organisational success by ensuring business value creation. Hence, the talent management topic is also under the purview of the Chief Executive Officer ("**CEO**") in empowering organisational talent.

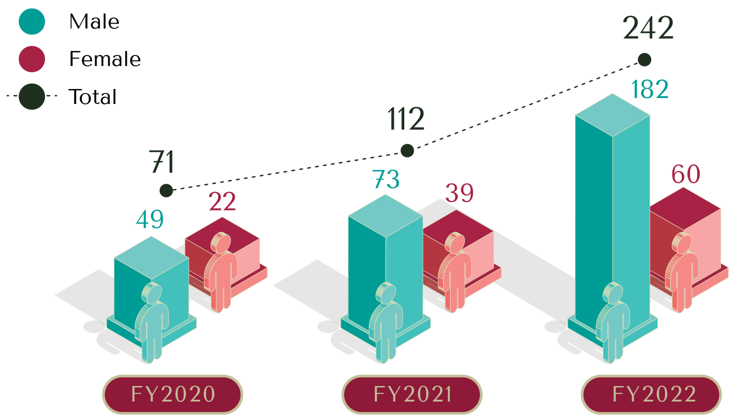
A wide range of skills and capabilities is desirable to support business operations in the construction and property development industries. These include technical skills, professional expertise, and soft skills.

Hiring and Retention

The Group practises meritocracy regarding hiring and career opportunities regardless of differences in culture, gender, and religion. MGB's HR Department is championing the recruitment procedures, guided by the Group's Recruitment Policy.

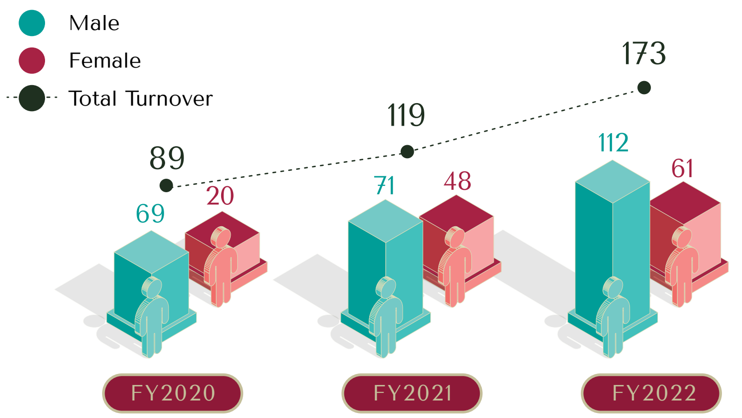
As the business grows, the number of new hires has increased exponentially. In FY2022, 242 new employees were hired, given the project expansion for Rumah Selangorku Idaman development.

New Hires by Gender



New Hires Data	FY2020	FY2021	FY2022
New Hires aged 30 and below	53	94	**136**
New Hires aged 31-50	18	18	**101**
New Hires aged 51-64	0	0	**4**
New Hires aged 65 and above	0	0	**0**
New Hires with Disabilities / Underprivileged Groups	0	0	**1**

Total Turnover by Gender



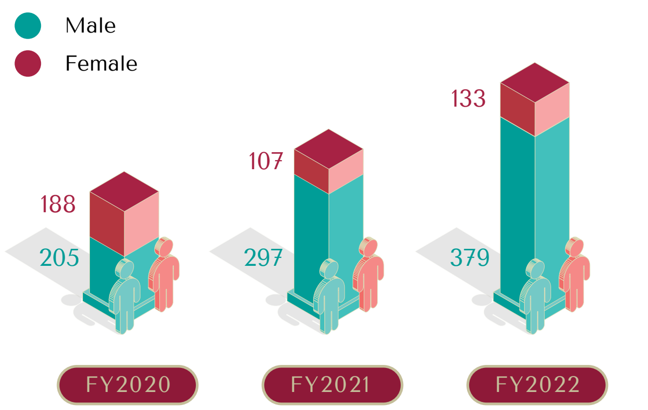
Turnover Data	FY2020	FY2021	FY2022
Turnover Rate	21	25.3	**33.6**
Full-Time Staff Voluntary Turnover Rate (%)	21	25.3	**33.6**
Turnover aged 30 and below	32	48	**82**
Turnover aged 31-50	45	51	**64**
Turnover aged 51-64	1	2	**8**
Turnover aged 65 and above	0	0	**0**
Turnover with Disabilities / Underprivileged Groups	1	0	**0**

Sustainability Statement

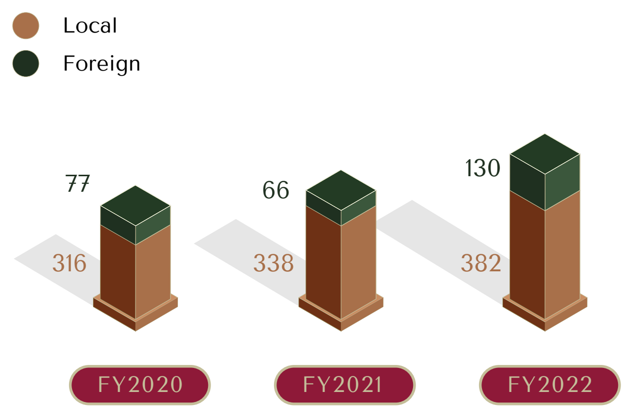
General Workforce Data

MGB's workforce is judged based on competence, qualification, experience, and professional contributions. Discrimination is not tolerated as it may impede positive business growth. While MGB does not have a gender preference for hiring, physically demanding roles have resulted in more men in its workforce. However, there is a closer gender gap in office and management-related positions.

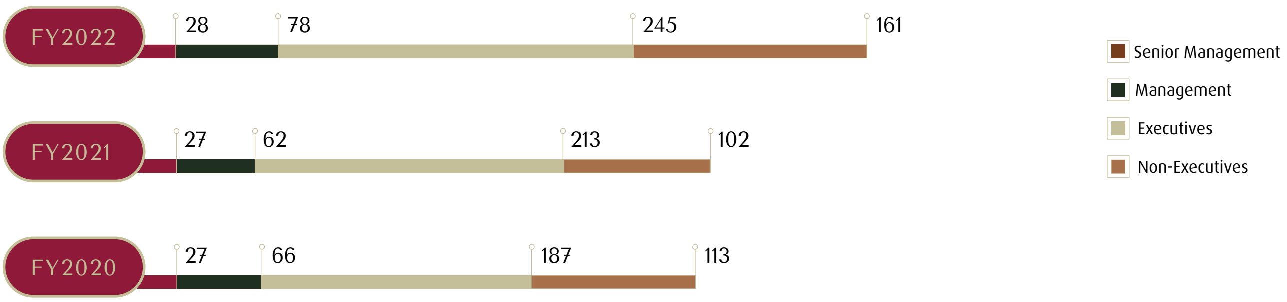
Total Employees by Gender



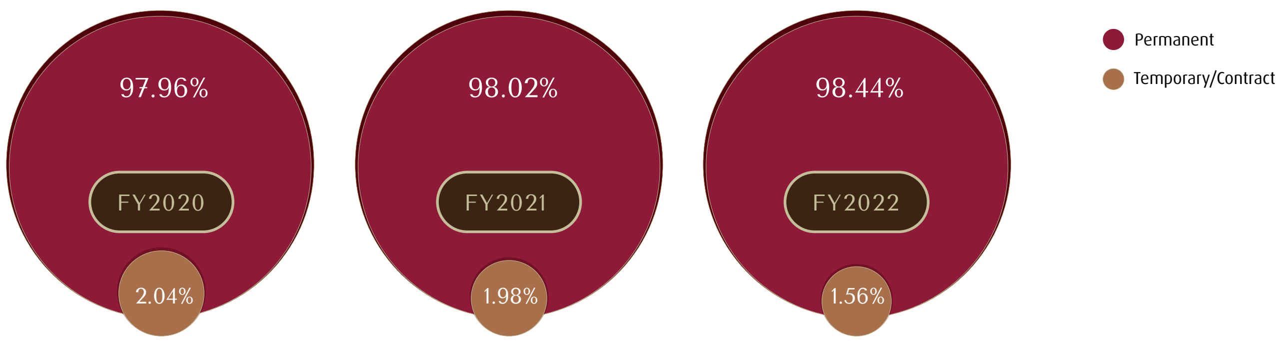
Employees by Nationality



Total Employees by Employment Category



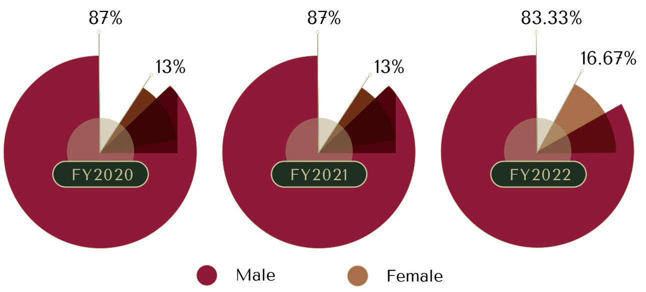
Proportion of Workforce Comprising of Contract or Temporary Employees



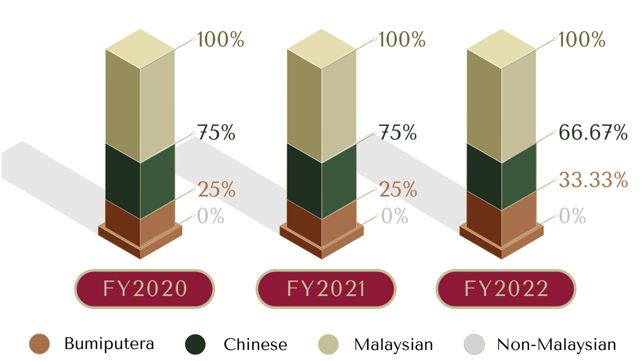
Sustainability Statement

BOARD OF DIRECTOR PROFILE

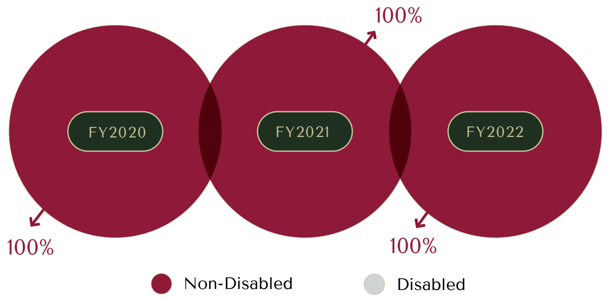
Board of Director by Gender



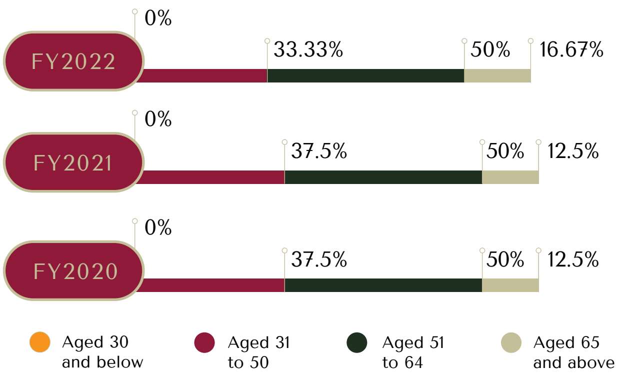
Board of Director by Nationality & Ethnicity Breakdown



Board of Director by Disability

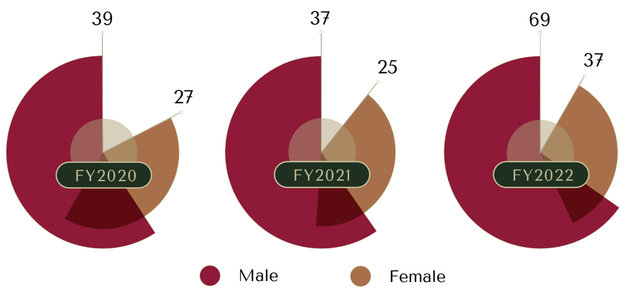


Board of Director by Age Group

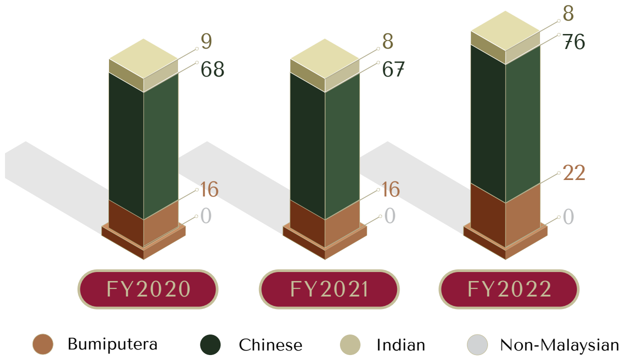


MANAGEMENT STAFF PROFILE

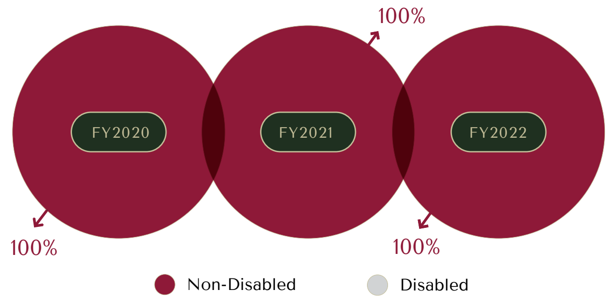
Managerial Staff by Gender



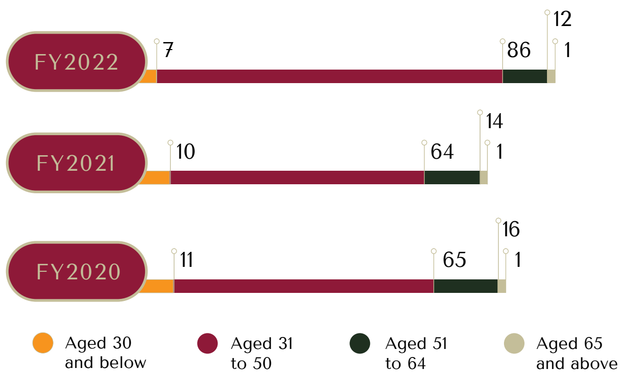
Managerial Staff by Nationality & Ethnicity Breakdown



Managerial Staff by Disability



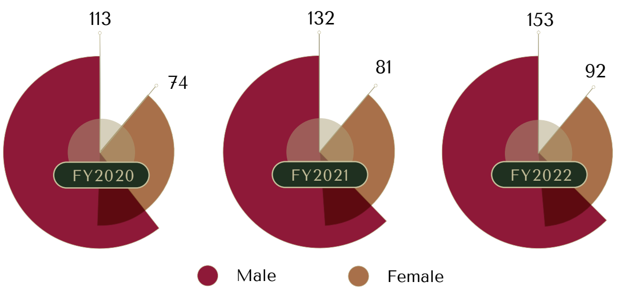
Managerial Staff by Age Group



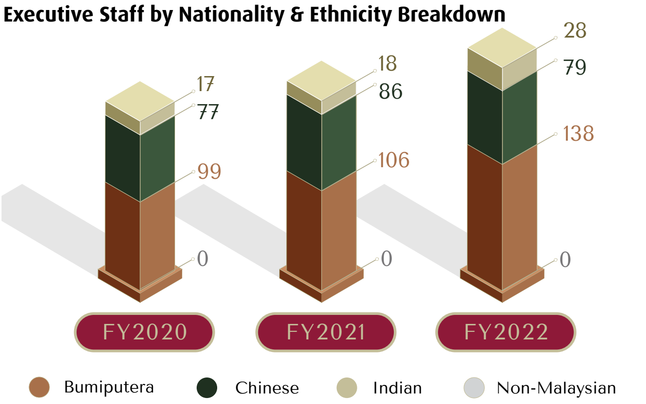
Sustainability Statement

EXECUTIVE STAFF PROFILE

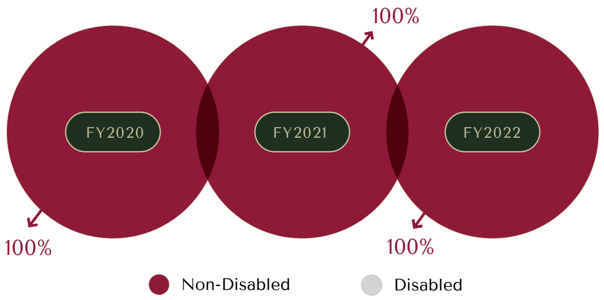
Executive Staff by Gender



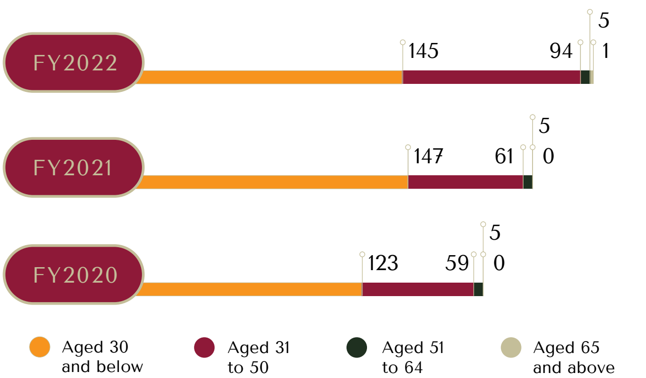
Executive Staff by Nationality & Ethnicity Breakdown



Executive Staff by Disability

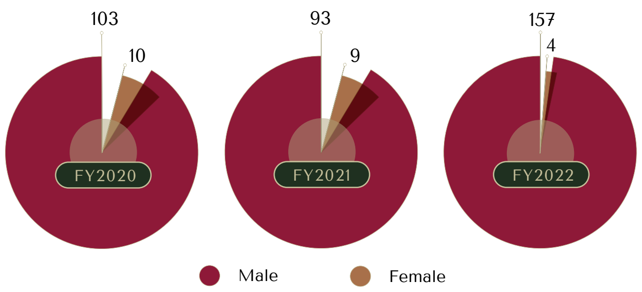


Executive Staff by Age Group

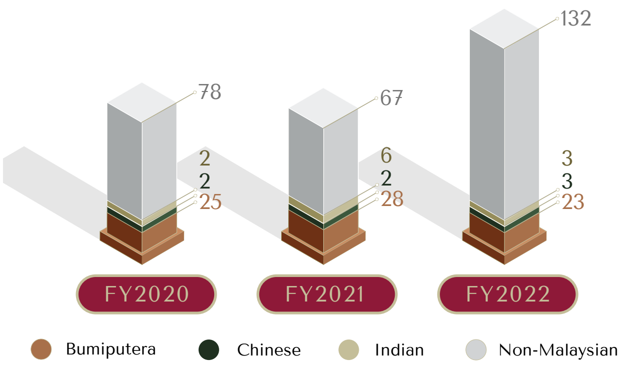


OPERATIONAL STAFF PROFILE

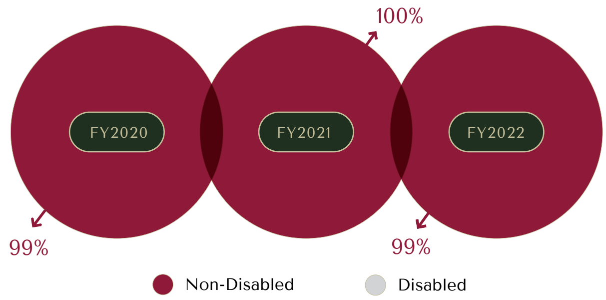
Operational Staff by Gender



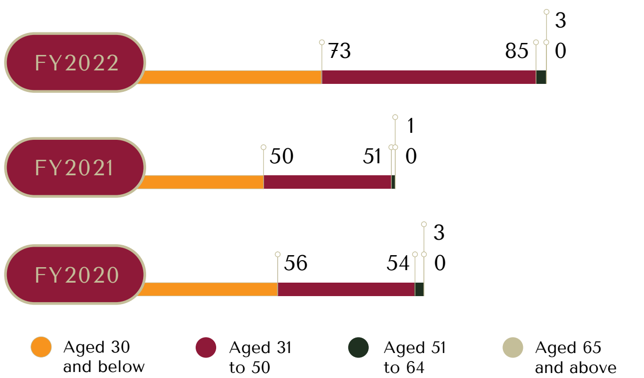
Operational Staff Nationality & Ethnicity Breakdown



Operational Staff by Disability



Operational Staff by Age Group



Departmental Idea Pitch

Formal Appraisal Process

All MGB employees receive a formal appraisal at least once a year to monitor performance and identify gaps. This also allows employees to receive appropriate increments, performance bonuses, and training opportunities.

Appraisals are conducted transparently, with each employee given a formal, two-way assessment with their HODs. As a result, MGB's entire workforce receives continuous professional development, which drives career advancement, leading to better employee satisfaction and retention. In FY2022, 100% of employees received a formal appraisal in FY2022.

Employee Grievance Mechanism

MGB has developed a confidential and reactive grievance mechanism which can be used by any employees wishing to express their dissatisfaction or report cases of harassment/discrimination. Through these mechanisms, the Group's employees can rest assured that all reports will be investigated promptly without disclosing the reporter's identity to protect them. In FY2022, no reports were made through the Group's grievance mechanism.

Formal Employee Induction and Exit

MGB provides incoming employees and Board members with formal orientation and induction processes to adapt to the work culture and internal processes. These processes also serve as channels to educate employees on their rights and the correct mechanisms for raising grievances. Employees are briefed on what actions constitute illegal or unethical, including corruption, harassment, and discrimination.

The Group values employee feedback and conducts transparent exit interviews to obtain it. The structured set of questions provides the departing employee with an opportunity to share feedback that is considered and, where applicable, used to drive improvements.

Employee Benefits and Well-Being

MGB continues to provide competitive remuneration to employees as appreciation for their dedication in driving the Group's success. This is mainly driven by the Group's comprehensive Remuneration Policy that ensures all employees are rewarded fairly according to their individual performance and the latest industry standards. This policy has been Board-endorsed and will be reviewed and updated as necessary by the Group's Nomination and Remuneration Committee ("**NRC**").

Benefits provided comply with the Employment Act, as well as complementary benefits and perks, which motivate or reward employees.

	FY2020	FY2021	FY2022
Employee Benefits		RM'000	
Total payments made to employees in terms of salaries, bonuses and benefits	25,844.84	30,099.20	**33,901.77**
Total statutory payments made for employees' retirement benefits (EPF)	2,699.48	3,158.56	**3,465.83**
Total payments in medical insurance (SOCSO) for employees	252.91	266.51	**295.38**

Note: FY2020 and FY2021 data has been revised according to the previous audited report.

Full-time MGB employees are entitled to the following benefits:

LEAVE

- Annual Leave
- Sick Leave
- Hospitalisation Leave
- Prolonged Illness
- Marriage Leave
- Paternity Leave
- Maternity Leave
- Examination Leave
- Compassionate Leave

MEDICAL

- Group Personal Accident
- Group Term Life Insurance
- Dental Benefit
- Group Hospitalisation & Surgical
- Outpatient Medical Treatment for Staff, Children and Spouse

OTHER BENEFITS

- Overtime Payment
- Meal Allowance
- Staff Property Purchase Discount
- Wedding Angpao
- Condolence Money
- Allowance & Reimbursement Claim

Paternity Leave

FY2022: 16

(FY2021: 9) (FY2020: 18)

Maternity Leave

FY2022: 7

(FY2021: 4) (FY2020: 3)

Return to Work		FY2020	FY2021	FY2022
Return to Work Rates (return to work after parental leave period)	Male	100%	100%	**100%**
	Female	100%	100%	**100%**
Retention Rates (remain with the organisation for 12 months or more post parental leave)	Male	72.20%	100%	**100%**
	Female	100%	75%	**100%**

Employee Engagement Programmes

MGB actively searches for avenues to engage its workforce positively. In FY2022, multiple employee engagement programmes were conducted, including:

Festivals

- Chinese New Year
- Deepavali
- Hari Raya
- Malaysia National Day
- Christmas

Health & Wellness

- Sports Activities
- Fitness and Wellness Day

Leisure / Sustainability

- Dress Up Fridays
- Sustainability Zero Waste Journey
- Departmental Idea Pitch
- Office Trivia
- Merdeka Poster Design Contest
- War Cry Challenge
- Planking Challenge
- Earth Hour 2022 Quiz

Christmas Celebrations


Fitness & Wellness Day - Badminton


Planking Challenge


War Cry Challenge


Fitness & Wellness Day - Zumba

Human and Labour Rights

Keeping with its role as a fair employer, MGB ensures that the welfare of its entire workforce is protected under the appropriate human and labour rights.

Compliance with Labour Law

MGB strictly complies with all applicable employment and human rights regulations wherever the Group operates. Locally, this is largely guided by, but not limited to, the Malaysian Employment Act 1955, which ensures the Group complies with the stipulated laws prohibiting child or forced labour across its business operations. The Group also subscribes to international human rights laws and regulations such as Children and Young Persons (Employment) Act 1966 to uphold its commitment to strict compliance with child labour laws.

The Group's Human Rights Policy prohibits child or forced labour and discrimination based on race, religion, and gender. MGB's HR Department provides on-job training and conducts periodic audits to ensure compliance with the Human Rights Policy. So far, there has been no child or forced labour incidents in the Group's operations.

Safeguarding 3rd Party Worker Rights

MGB values the safety and well-being of its third-party workers and provides safe working conditions, fair wages, and healthcare. The Group also ensures that workers' basic human rights are upheld, as enshrined in the UN Guiding Principles on Business and Human Rights and the UN Global Compact.

MGB prohibits illegal workers and forced labour policies and has implemented whistleblowing mechanisms to report non-compliance incidents. Future measures will include on-the-ground inspections and interviews to ensure compliance. Currently, there have been no issues of non-compliance in FY2022.

Employee Training and Professional Development

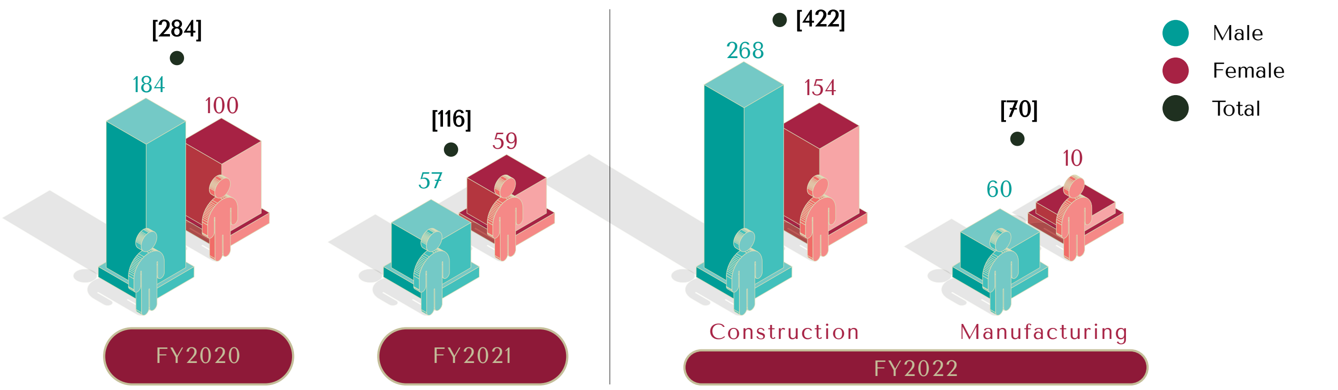
MGB believes in empowering its employees and providing targeted development opportunities for their professional and personal growth. The HR Department and HODs work together to ensure consistency in this approach across all business departments. The Group's formalised Human Resource Learning and Development Policy can be viewed at: https://mgbgroup.com.my/sustainability/.

MGB's Training and Development SOP aims to improve employee competency and facilitate succession planning constantly, with training programs customised based on identified skill gaps. The Group also conducts engagement campaigns such as "Heroes for Change" to promote professional growth and encourage employee input. Beginning in FY2022, MGB began contributing to a Human Resources Development Fund ("**HRDF**") under the Ministry of Human Resources ("**MOHR**") that provides additional funding for courses, seminars, and workshops and offers virtual training platforms to ensure continuous learning despite pandemic uncertainties. The training programme list is provided in the Group's full Sustainability Report 2022.

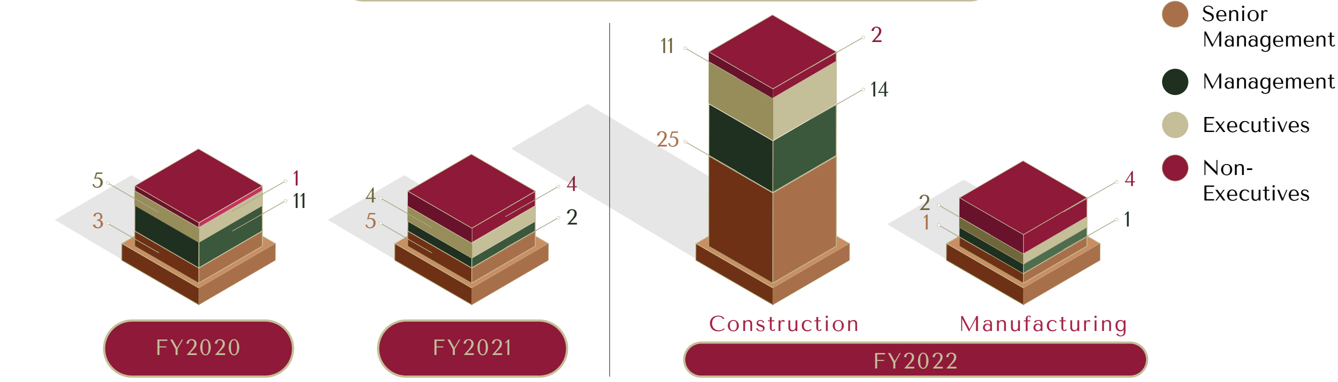
Sustainability Statement

Training Data	FY2020	FY2021	FY2022
Total Training Hours as a Company	1,981	768	**5,002**
Total Training Spent as a Company (RM)	32,359	16,010	**87,094**
Total Training Hours per Division / Business Unit	991	384	**2,501**
Total Training House Spent per Division / Business Unit (RM)	16,180	8,005	**43,547**
Average Training Hours per Employee	5	2	**9**
Average Training Days per Employee	0.5	0.5	**1.5**
Average Training Spent per Employee (RM)	82.34	39.63	**170.10**

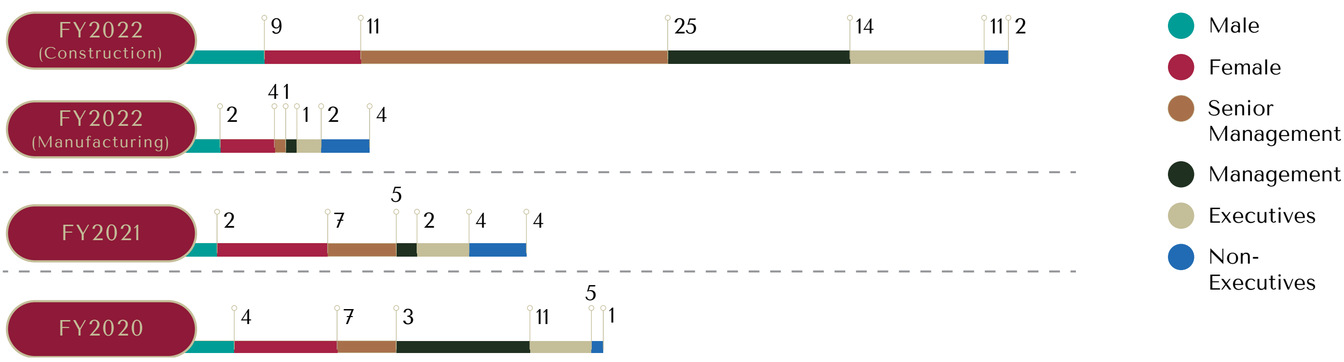
Total Employees Attended Training



Total Training Hours Per Employee



Average Training Hours Per Employee



Occupational Safety and Health ("OSH")

MGB values the safety and health of its employees, third-party workers, and local communities. The management is involved in quarterly OSH review meetings to discuss safety matters and revise HIRARC as needed.

Ensuring a safe work environment is critical to MGB's business operations and reputation. Any OSH incident can delay project completion, increase rectification costs, and damage the group's branding. A good OSH record can increase productivity, morale, reputation, competitiveness, and reduced costs.

100% of MGB's construction/ project sites are ISO 45001 and ISO 14001 certified

50% management & worker representation on OSH Committees

OSH comes under the purview of BOD

100% of MGB's Project sites are certified with

ISO 45001: 2018 Occupational Health and Safety Management Systems.

Comprehensive HSE Policy

MGB has a comprehensive HSE policy that advocates for safety first, aligns with regulatory requirements and aims to ensure the safest work conditions for employees and workers. More details on the HSE policy can be viewed here: www.mgbgroup.com.my/sustainability/.

MGB's HSE Policy adheres to national laws and regulations, reflecting its unwavering commitment to OSH excellence. The company also proactively manages pandemic-related scenarios through Safe Working Procedures ("**SWP**") that apply to all employees and visitors.

OSH Committees On-Site

MGB sets up an OSH committee on each worksite comprising a Safety Officer, Site Safety Supervisor, and Project Manager to ensure effective OSH management. Their main tasks are organising meetings, conducting inspections, and investigating incidents. The committee includes worker representation, with the Group assigning four workers per 100 as representatives.

Sustainability Statement

HSE COMMITTEE MEMBERS DETAIL FOR ALL JOBSITES

PUNCAK ALAM
- 8 MGB Sany
- 17 Alam Perdana Phase 4
- 30 Alam Perdana Phase 5

BANDAR SAUJANA PUTRA
- 10 BSP Flyover
- 10 BSP Idaman

CYBERJAYA
- 10 Kita Impian
- 14 Kita Mekar
- 19 Kita Ria

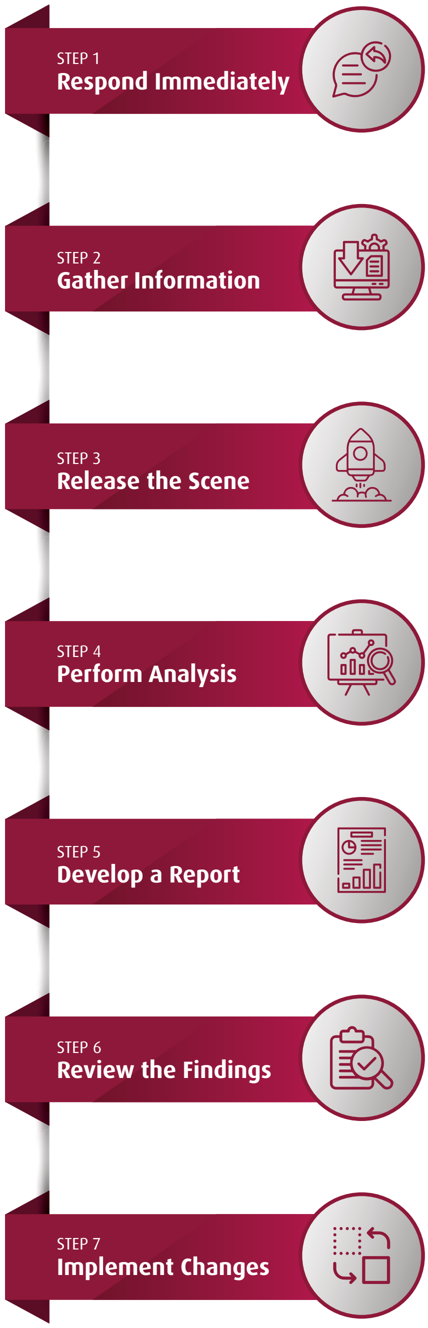
BATU PAHAT
- 13 Laman Bayu

BUKIT JALIL
- Residensi Bintang Bukit Jalil 21
- Mercu Jalil 21

NILAI
- MGB Sany 8

Site	Location	Chairman	Secretary	Management Rep	Workers' Rep	Total Members
Alam Perdana Phase 4	Puncak Alam	1	1	5	10	17
Alam Perdana Phase 5		1	1	8	20	30
Kita Impian	Cyberjaya	1	1	4	4	10
Kita Mekar		1	1	5	7	14
Kita Ria		1	1	5	12	19
Mercu Jalil	Bukit Jalil	1	2	7	11	21
Residensi Bintang		1	2	7	11	21
Laman Bayu	Batu Pahat	1	1	5	6	13
BSP Idaman	Bandar Saujana Putra	1	1	3	5	10
BSP Flyover		1	2	3	4	10
MGB Sany	Puncak Alam	1	1	3	3	8
MGB Sany	Nilai	1	1	3	3	8

Sustainability Statement



OSH Management

Constant monitoring and review are crucial to MGB's OSH management to assess control measures and risks and develop an effective action plan. MGB aligns OSH management systems with the Plan-Do-Check-Act ("**PDCA**") system. MGB identifies high-risk works to remain vigilant in managing OSH matters.

To address higher-risk works, the Group follows a Permit-to-Work approach that requires approval from the site's Safety Officer. The assessment for issuing a Permit-to-Work for scaffolding work includes evaluating the physical environment, work processes, safety equipment, weather conditions, and worker's physical condition and job experience. The HSE policy (**ISO 45001**) and Health and Safety at Work Act 1974 guide workers' workplace health and safety responsibilities.

In the event of an incident, workers must inform management and follow the seven (7) critical steps, including a thorough investigation and possible on-site shutdown, with notification to the Department of Occupational Safety and Health ("**DOSH**").

MGB encourages employees to take Incident Reporting and Investigation Training to mitigate stress and potential side effects of workplace incidents. Investigation findings identify root causes and provide recommendations to prevent reoccurrence, shared with all project sites and incorporated into existing OSH SOPs.

Sustainability Statement

Centralised Labour Quarters ("CLQ")

Quarantine Room

First Aid Room


Dining Area

Labour Quarters Entrance

OSH Training and Awareness

MGB considers OSH training crucial for ensuring a safe workplace and promoting competence and vigilance. In FY2022, 106 employees received Health and Safety Standards training. Additionally, staff receive regular OSH-related training and refresher sessions for work competence and safety awareness, which include:

- Weekly housekeeping on Site
- Weekly toolbox at CLQ and Site
- Sharing of unsafe practices during weekly toolbox meetings
- CIDB Green Card training for MGB general workers

To emphasise the significance of OSH, the Group reminds staff through the OSH newsletter displayed on notice boards and the company Intranet. MGB has invested in formal training rooms and projectors for OSH training and allocated funds for in-house and external training and continuous learning programmes for Safety and Health Officers.

OSH Performance

As the construction projects increased year-on-year, MGB exceeded the 5-million mark of total manhours worked in FY2022. Overall, the Group recorded 6,150,549 with 0.16% lost days.

An internal audit committee measured and verified results, followed by external ISO auditors.

Given the majority of high-risk jobs at construction project sites, the OSH performance data on work-related fatalities, injuries, and lost days are tabulated below:

OSH Data	FY2020	FY2021	FY2022
Fatality	0	0	**0**
Work-related Injuries	0	0	**1**
Incident Report	0	0	**1**
Lost Time Accidents	0	0	**0**
Total Days Lost/Charged	0	0	**80**
Total Days Worked	302	329	**280**
Average Workers Per Day	24,142	23,277	**26,858**
Injury Rate (incl. Fatalities)	0	0	**0.16**
Lost Day Rate	0	0	**13**
Frequency Rate	0	0	**0**
Severity Rate	0	0	**0**

Enriching Local Communities

MGB believes in serving as a force of good and upholding a strong sense of Corporate Social Responsibility ("**CSR**") in its every business operation. The CSR strategy adopted by MGB is centralised with the principles of the LBS Foundation (LBSF), which has four pillars: Education, Health, Community and the Environment.

In promoting active participation in CSR programmes, MGB encourages its employees to participate in CSR activities and plans to establish a tracking system for employees participating in the company or LBSF-related events. LBSF provides a platform that encourages employees to get involved in charity work through financial support or their time and effort at events to enrich local communities.

39th Kiwanis Treasure Hunt

Corporate Governance Overview Statement

The Board of Directors ("**the Board**") is pleased to present the Corporate Governance Overview Statement ("**Statement**") which provides an overview of the corporate governance practices adopted by MGB Berhad ("**MGB**" or "**the Company**") and its subsidiaries (collectively referred to as "**the Group**") for the financial year ended 31 December 2022 ("**FY2022**") based on the principles and guidance set out in the Malaysian Code on Corporate Governance ("**MCCG**") issued by the Securities Commission Malaysia and in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**").

This Statement should be read together with the Corporate Governance Report ("**CG Report**"), which is accessible at MGB's corporate website at www.mgbgroup.com.my as well as via an announcement on Bursa Malaysia, and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) which provides stakeholders with a comprehensive view of the Group's corporate governance practices vis-à-vis the MCCG.

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are critical in ensuring that the Group remains agile and effective in uncertain times, leveraging on our strengths to achieve sustainable growth.

The Board acknowledges corporate governance being essential to promote and drive long term sustainable growth of the Group, whilst taking into account the interests of the investors and all other stakeholders. To this end, the Board continue to devote considerable effort to identify and formalise best practices to continue maintaining its high standards of corporate governance throughout the Group.

This Statement provides shareholders and investors with an overview of how the Group has applied the 3 key Principles set out in the MCCG during the FY2022 as well as key focus areas and future priorities in relation to corporate governance:

a) Board leadership and effectiveness;
b) Effective audit and risk management; and
c) Integrity in corporate reporting and meaningful relationship with stakeholders.

As at the date of this Statement, the Group has complied with all material aspects of the principles set out in the MCCG throughout FY2022 to achieve the intended outcome. Details of the application are summarised as below:

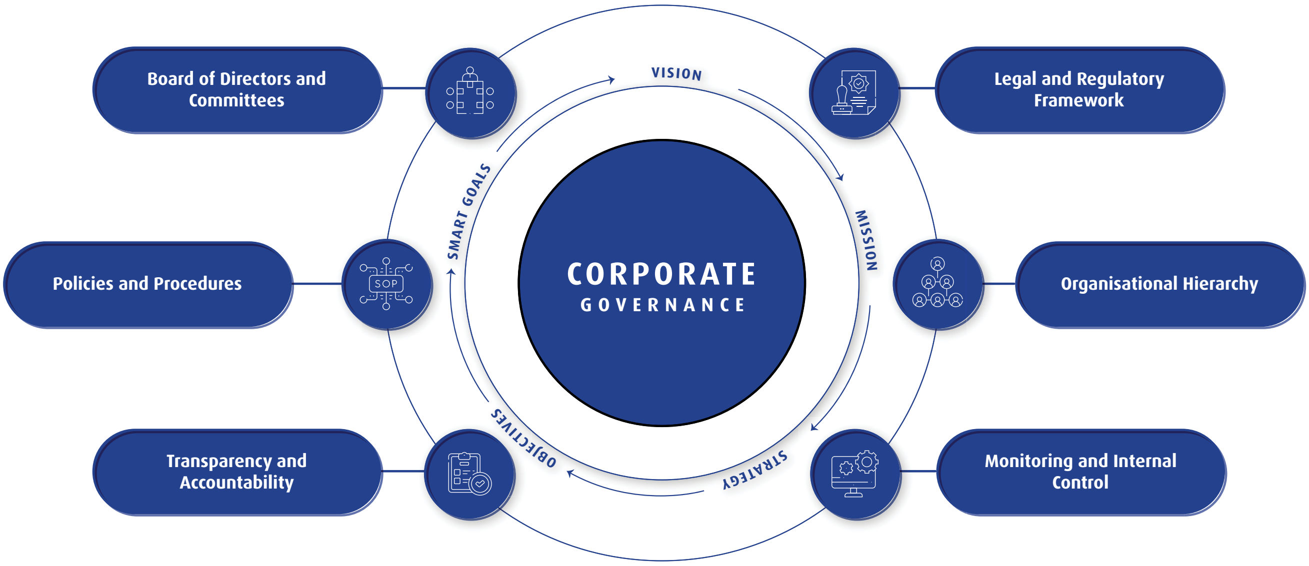
	TOTAL	APPLIED/ ADOPTED	DEPARTURE	NOT APPLICABLE	NOT ADOPTED
Recommended Practices	43	39	3	1	-
Step-up Practices	5	3	-	-	2

The following are the 3 recommended practices which the Company has departed from:

- Practice 1.4 - The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 5.9 - The board comprises at least 30% women directors.
- Practice 8.2 - The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The CG Report provides the details on how the Group has applied each of the Practices set out in the MCCG during FY2022 as well as explanations for the departures and alternative measures in place for the above mentioned practices.

Corporate Governance Overview Statement



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1 BOARD RESPONSIBILITIES

1.1 Board of Directors

MGB acknowledges the pivotal role played by the Board in the stewardship of its directions and operations, and ultimately the enhancement of long-term shareholders' value. To fulfil this role, the Board plays a critical role in setting the appropriate tone at the top and is charged with leading and managing the Group in an effective, good governance and ethical manner. The directors individually have a legal duty to act in the best interest of the Group and are also collectively aware of their responsibilities to the stakeholders for the manner in which the affairs of the Group are managed. The Board's principal roles and responsibilities, amongst others include the following:

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee and evaluating the conduct and performance of the Group's business to ensure the business is properly managed;
- to oversee the system of risk management, including to identify Environmental, Social and Governance ("**ESG**") risks and principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to ensure the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;
- to establish succession planning for the Board and senior management to ensure sufficient competency and calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to formalise the Company's strategies on promoting sustainability, focusing on ESG aspects;
- to oversee the development and implementation an appropriate investor relations programme or shareholder communication policy for the Company;
- to review the adequacy and the integrity of the Group and the Group's internal control systems and management information systems, including systems for compliance with applicable law, regulations, rules, directives and guidelines;
- to ensure the Group adheres to high standards of ethics and corporate behavior through the Company's Code of Conduct & Business Ethics; and
- to appoint/establish board committees to address specific issues, considering recommendations of the various board committees and discussing problems and reservations arising from these committees' deliberations and reports.

MGB is led by an experienced, competent and diversified Board that is made up of Executive Directors and Independence Non-Executive Directors with appropriate competencies, knowledge, skills and experience from diverse sectors and backgrounds. The Board comprises of members who have a wide range of experience in fields such as economics, engineering, governmental body, management, accounting, finance, construction and property development to successfully direct and supervise the Group's business activities. A brief profile of each Director is presented in the Annual Report.

1.2 Leadership Roles and Responsibilities

In order to ensure effective discharge of the roles and responsibilities, the Board has in place a Governance Framework for the Group and delegated specific authorities to the Board Committees, Group Managing Director and Management Committees as set out below:

The Company adopted the Governance Framework to embed best practices within the organisation, including where specific authorities of the Board are delegated to the relevant Board Committees, the Group Managing Director as well as the Management Team and Management Committees. The Board has established four (4) Board Committees, all of which comply with the provisions of the MCCG and play an important role through the detailed work they carry out to fulfil the responsibilities delegated to them.

The Board Committees contribute their specialist skills to key area such as financial information review, procurement and development matters, internal controls and risk management, governance and human capital management.

The Board extends the adoption of Discretionary Authority Limits to its subsidiaries whereby authority limits are delegated by the Board to the Senior Management for daily operations. The Discretionary Authority Limits is reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making within the Group. The Company has in placed Whistle-Blowing Policy and disclosed the procedure to investigate if there is any incompliance reported.

ROLE	KEY RESPONSIBILITIES
Chairman	The Chairman is responsible for instilling good corporate governance practices and leading the Board in discharging its duties effectively.
Group Managing Director	The Group Managing Director assumes overall responsibilities for the execution of the strategies of the Group, in line with the Board's direction, and drives the Group's businesses and performance towards achieving the Group's vision and goals.
Executive Directors	The Executive Directors are responsible for the day-to-day management of financial and operational matters in accordance with the strategic direction established by the Board.
Non-Executive Directors	The Non-Executive Directors are responsible for acting as a check and balance on MBG's Board and the Management by providing independent and unbiased views and act as caretakers of minority interest.
Key Management	The Board is assisted by the Key Management Team. The details of the Key Management Team are provided on page 10 to 18 of the Annual Report. The Key Management is tasked with the responsibility of managing of the Group's business and implementing the Board's strategies, policies and decisions. The relevant members of the Leadership Team will also be invited to attend the Board and/or the Board Committees meetings to advise and provide clarifications as and when required on items in the agenda tabled to the Board and the Board Committees.

1.3 Roles of the Chairman and Group Managing Directors

MGB recognises the importance of the separation of the positions of the Chairman and the Group Managing Director to promote accountability and facilitate division of responsibilities between them.

The Board practices a clear demarcation of responsibilities and accountability between the Chairman and Group Managing Director ("**GMD**") to ensure a balance power and authority in the Board.

The Independent Non-Executive Chairman, Dato' Abdul Majit bin Ahmad Khan, together with Tan Sri Dato' Sri Lim Hock San, *JP*, the Executive Vice Chairman, are primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board. The Chairman and Vice Chairman lead the Board by setting the tone from the top and managing Board effectiveness by focusing on governance and compliance. They encourage active participation and allow dissenting views to be freely expressed to ensure that the key issues facing the Group are addressed. They also guide the Board through the decision-making process and ensures that the Board operates effectively as a team.

Whereas Datuk Wira Lim Hock Guan, *JP*, the Group Managing Director plays a vital role in leading the entire Group's business operation, ensure organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group and the Board's polices, decisions, consideration and approval. He is also responsible for determination of strategic direction of the Group.

1.4 Role of Company Secretaries

The Board is supported by the Company Secretaries who is qualified under Section 235 of the Companies Act, 2016. The Company Secretaries are responsible to provide advice to the Board and Management on corporate governance related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as Board policies and procedures.

All Directors have ready and unrestricted direct access at all times to the advice and services of the Company Secretaries to ensure effective functioning of the Board and its Board Committees, adherence to Board policies and procedures as well as compliance with regulations and governance practices.

The Company Secretaries attended all Board meetings, Board Committees meetings and shareholders' meetings, to ensure smooth running of meeting, accuracy and adequacy of records of proceedings of the meeting and resolutions. The Company Secretaries, being an advocate of adoption of corporate governance best practices, monitors corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate and securities law, listing rules and corporate governance practices through continuous training.

1.5 Board Committees

The Board has established the following four (4) Board Committees to assist the Board:

- the Audit Committee ("**AC**");
- the Nomination and Remuneration Committee ("**NRC**");
- the Risk Management Committee ("**RMC**"); and
- the Sustainability Committee ("**SC**").

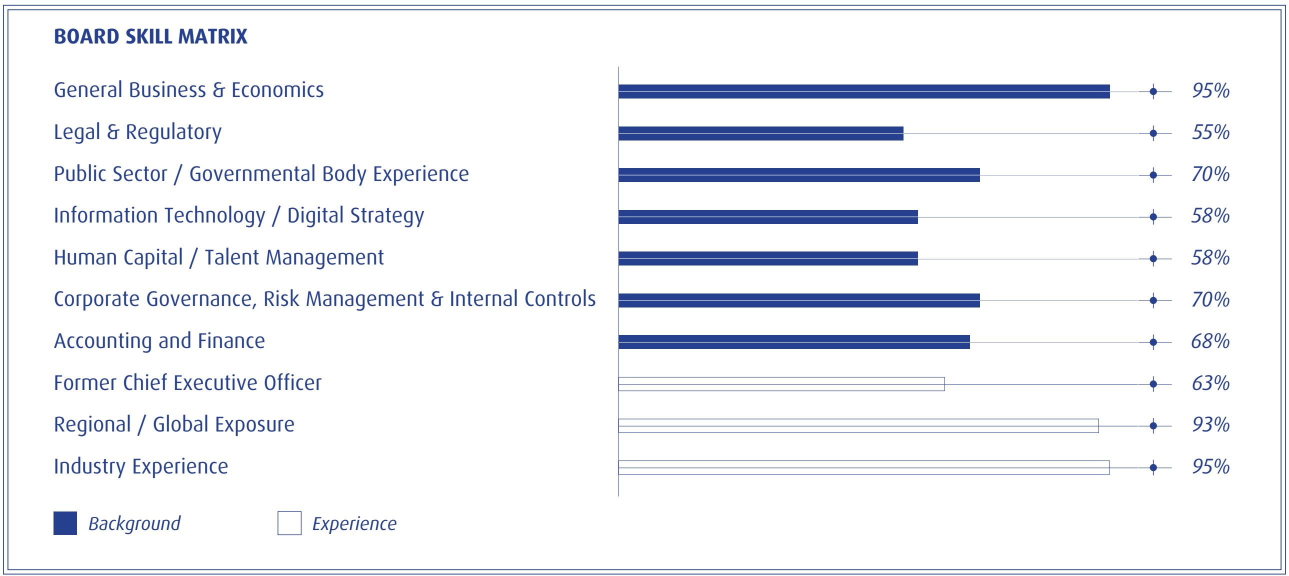
The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("**TOR**"). The Board appoints the Chairman and members of each Board Committee. Each Board Committee is governed by their own TOR, which is approved by the Board and are periodically reviewed.

Following the resignation of the Senior Independent Non-Executive Director, Mr Chin Sui Yin on 31 December 2021 and Executive Director, Mr Lim Kim Hoe on 1 January 2022, The Board had endorsed the recommendation of the NRC to re-structure the composition of AC and NRC. After composition re-structuring, the AC and NRC composition remained to comprise exclusively Independent Non-Executive Directors, which consist of Dato' Abdul Majit bin Ahmad Khan ("**Dato' Abdul Majit**"), the Independent Non-Executive Chairman. The Board is mindful on the overlapping positions held by the Chairman knowingly the Chairman of the Board shall not be a member of the AC, Nomination Committee and Remuneration Committee pursuant to Practice 1.4 of MCCG. The Board believed that Dato' Abdul Majit demonstrates high ethical and integrity and able to act independently and rationally in discharging each role he holds. The Board is comfortable that there is no undue risk involved as Board culture dictates that all major matters and issues are referred to the Board as a whole for considerations and approvals. The Chairman is abstained from voting on the matters that related to him to avoid conflict of interest.

The Board has formed a RMC on 1 January 2022 and SC on 12 April 2022, which comprises solely directors, with majority of Independent Non-Executive Directors. The RMC is assisted by a Risk Management Working Group, which led by the Executive Director & Chief Executive Officer and comprises a team of senior management, to carry out tasks on risk management activities. While the SC is assisted by the Group Sustainability team to carry out and oversee sustainability tasks.

The Board and Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Board Committees, when required. All deliberations, recommendations and decisions of the Board Committees are recorded, and minutes are subsequently confirmed in the next Committee meetings. The Board is briefed at its meetings on matters deliberated by the Board Committees.

2. BOARD COMPOSITION AND DIVERSITY



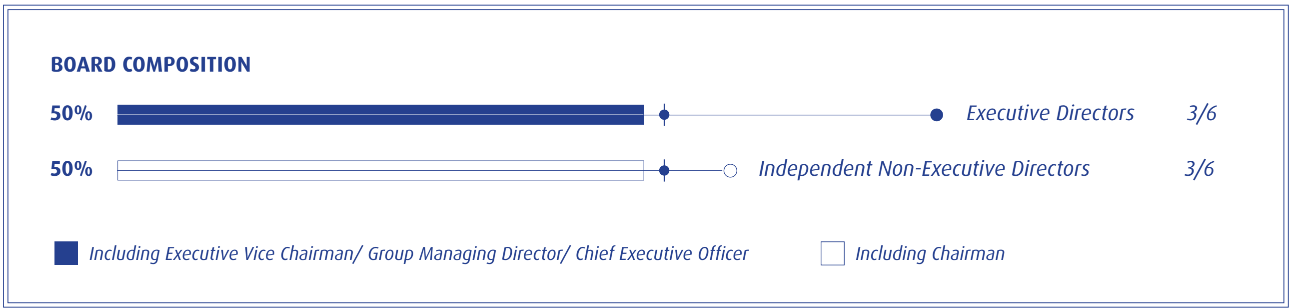
As part of the continuous efforts in sustaining the Company's competitive advantages, the Company has adopted a Diversity and Inclusion Policy to recognise and embrace the benefits of having a diverse Board and workforce, and committed to increase diversity at Board and Senior Management level as an essential and important element. A copy of the Diversity and Inclusion Policy can be accessible at MGB's corporate website at www.mgbgroup.com.my.

The members of the Board possess wide-ranging experiences, skills and expertise in accounting, finance, economics, entrepreneurship, engineering, governmental body, property construction and development are persons of high calibre and integrity, which give added strength to the leadership which is necessary for the effective stewardship of the Company. The Board is confident that there are sufficient experienced and independent-minded Directors on the Board to provide sufficient check and balance.

There were changes in the composition of the Board compared to previous reporting with the resignation of Mr Chin Sui Yin and Mr Lim Kim Hoe on 31 December 2021 and 1 January 2022 respectively. Their resignations were duly announced to Bursa Malaysia. The Board extended its gratitude to Mr Chin Sui Yin and Mr Lim Kim Hoe for their significant contribution and services during their tenure as Directors of MGB.

As at the date of this Report, the Board consists of six (6) members, of whom three (3) Executive Directors and three (3) Independent Non-Executive Directors ("**INED**"), presenting 50% INED of the Board's composition in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Malaysia and Practice 5.2 of MCCG, to instill objective and independent deliberation, review and decision-making.

As at the date of this report, the Board's composition is as follows:



The Board believed that its current Board composition is adequate in terms of size and diversity of age, gender and has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine proposals on strategy and empower the Group Managing Director and Chief Executive Officer to implement strategies approved by the Board. This is to ensure diversity and inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation during its meetings.

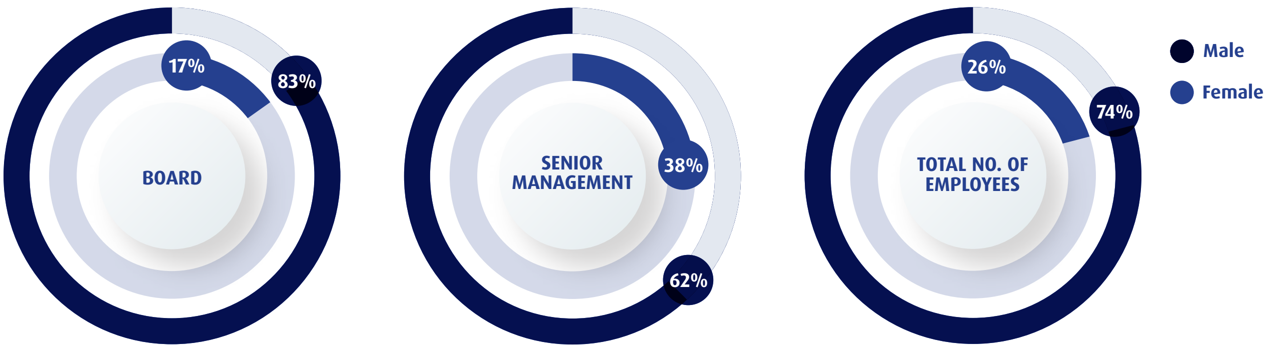
The Company is committed to the boardroom and senior management gender diversity and is supportive of the recommendation of Practice 5.5 of MCCG to the establishment of boardroom and workforce gender diversity policy. At this juncture, the Board remains committed to maintain at least one (1) female representation on the Board.

The Group practicing equal opportunity and no discrimination of any form, whether based on age, gender, race, ethnicity and religion, throughout the organisation. The Board and Management also believe the participation of women in decision-making positions should not be focused on board positions alone but should be broadened to include members of senior management as the same benefits apply. Thus, MGB has five (5) women out of thirteen (13) Senior Management personnel.

The Board will consider the appointment of additional women director as and when suitable candidates identified and circumstances permit. Regardless of gender, the Board will also take steps to nurture suitable and potential candidates equipped with the competencies, skills, experience, knowledge, expertise, professionalism, character, time commitment, integrity and other qualities in meeting the diversity representation of the Board and future needs of the Company.

In line with the Paragraph 15.06 of MMLR of Bursa Malaysia, none of the members of the Board holds more than five directorships in listed companies. Prior to acceptance of other appointment for directorship in other listed companies, the Directors are required to first notify the Chairman of MGB to ensure that such appointment would not unduly affect their time commitment and responsibilities to the Board. In addition, none of the Directors have appointed alternates.

Gender Composition as at 31 December 2022



2.1 The Nomination and Remuneration Committee ("NRC")

The NRC is responsible to identify and recommend the right candidate with necessary skills, experience and competencies to be filled in the Board and Board Committees. The composition of the NRC is in compliance with the requirements of Paragraph 15.08A(1) of the MMLR of Bursa Malaysia, which provides that the NRC must comprise exclusively of non-executive directors and majority of them are independent directors. The NRC is chaired by an Independent Director which is in line with Practice 5.2 of MCCG 2021.

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

a) Chairman – Dato' Abdul Majit bin Ahmad Khan (Independent Non-Executive Chairman)
b) Member – Dato' Beh Hang Kong (Independent Non-Executive Director)
c) Member – Puan Nadhirah binti Abdul Karim (Independent Non-Executive Director)

A summary of the activities of the NRC in discharging its duties for the FY2022 is as follows:

1) reviewed the diversity of the Board in respect of its size, composition, skills matrix, competencies and commitment to the Company;
2) reviewed and assessed the level of independence of Independent Directors;
3) conducted an annual assessment on the effectiveness of the Board, Board Committees and the individual directors of the Company;
4) reviewed the term of office and performance of the Audit Committee and each of its members pursuant to Paragraph 15.20 of the MMLR of Bursa Malaysia;
5) reviewed the term of office and performance of the external auditors and internal auditors;
6) reviewed, assessed and made recommendation to the Board for its approval, regarding the directors who are seeking for re-election at the forthcoming Annual General Meeting ("**AGM**") of the Company;
7) reviewed the remuneration package and proposed bonus for the Executive Directors and Senior Management personnel (Grade GM1 and above) within the Group; and
8) reviewed and make recommendation to the Board for its approval on the formation of Risk Management Committee and Sustainability Committee which consist solely of directors.

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.

The NRC, with the directors' rotation list presented by the Company Secretaries, identified the directors, namely Tan Sri Dato' Sri Lim Hock San, *JP* and Dato' Beh Hang Kong, to be retired in accordance with Article 90 of the Constitution of the Company. The NRC assessed the respective directors' eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory diversity and balance of skills and experience of the Board and evaluation of the respective director's performance and their contributions to the Board, the NRC then make recommendation to the Board their re-election at the 20th AGM held on 15 June 2022. The shareholders have the right to vote on Director(s) re-election or re-appointment as well as dismissal during the AGM.

2.2 Board Appointment Process

The Group has in place a formal and transparent procedure for appointment of new directors to the Board. The Board had entrusted NRC to identify and nominate suitable candidates for appointments to the Board and senior management (Grade GM1 and above) for approval, either to fill vacancies or as addition to meet the changing needs of the Group. The NRC may engage professional recruitment or from recommendations by existing Board members, to search for suitable candidates.

Before recommending an appointment to the Board, the NRC undertakes a comprehensive evaluation of the candidates. The NRC also takes into accounts the Group's business and matches the capabilities and contribution expected for a particular appointment. In selection of Board and senior management candidates, the NRC takes into account the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively discharge his/her role as a director/senior management. The NRC shall ensure that the Board has the right balance of skills, experience, expertise, independence and business knowledge necessary to discharge its responsibilities in keeping with the highest standards of governance.

2.3 Board Independence

The Board is diverse in demographics, skills, expertise and experience. The Board comprises 50% of INEDs who promote independent judgement and diverse mind-sets and opinions. The INEDs also play a significant role in providing unbiased and independent views, advice and judgement which brings objectivity and scrutiny to the Board's deliberations and decision-making. Their role is particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders. The Board is also of the view that all directors shall exercise independent judgement at all times, to act in the best interests of the Group and to exercise unfettered and independent judgement.

The independence of INEDs is evaluated by NRC on annual basis, based on criteria stipulated in the MMLR of Bursa Malaysia and Guidance of MCCG, to ensure that they remained capable of providing unbiased and objective contribution to Boardroom discussions. Due consideration was made as to ensure INEDs are independent and free from any business or other relationship that could interfere with the exercise of independent judgement and capable to act in the best interest of MGB Group.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, expertise, experience and personal qualities, particularly of the Director's integrity and objectives in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

To date, the Board is satisfied that all three (3) INEDs remain independent in character and judgement and are 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.

2.4 Tenure of Independent Directors

The Board note the MCCG's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years and if the Board continues to retain the Independent Director after the ninth (9th) year, a two-tier voting process should be applied as well as disclosure of justification on their retention by the Board.

The Board Charter has set a maximum tenure of Twelve (12) years for Independent Directors with no further retention pursuant to the MMLR of Bursa Malaysia and recommendation of MCCG. None of the Independent Directors has attained nine (9) years term in 2022.

2.5 Senior Independent Non-Executive Director

There is no Senior Independent Non-Executive Director appointed during 2022 following the resignation of Mr Chin Sui Yin on 31 December 2021. However, the Board is endeavour to identify a suitable replacement for the position of Senior Independent Non-Executive Director soonest available.

3. BOARD EFFECTIVENESS

3.1 Board Evaluation

The Board, through the NRC and facilitated by the Company Secretaries, had carried out the annual assessment to evaluate the performance of the Board, its Board Committees and each individual directors, as well as identifying any gaps or arears of improvement, where required that cover the following:

- The diversity and balance of the Board in respect of its size, composition, skills matrix, competencies and commitment to the Company;
- The Board as a whole and the board committees' performance evaluation;
- The character, experience, integrity, competence and time commitment of the individual directors;
- Level of Independence of Independent Director;
- The term of office and performance of the Audit Committee and each of its members pursuant to Paragraph 15.20 of the MMLR of Bursa Malaysia;
- The term of office and performance of the External Auditors;
- The term of office and performance of the Internal Auditor; and
- The competencies and contribution of the director(s) who seek for re-election during the Annual General Meeting.

The assessment for the financial year under review was conducted internally through a questionnaire, focusing on maximising the effectiveness and performance of the Board. In order to encourage open and frank evaluations, the evaluation process was managed by the Company Secretary, who had forwarded questionnaire to each Director, as well as collated the duly completed forms from the Directors. A summary of the results and all feedback received were tabled to the NRC for deliberation before appropriate action plans were recommended to the Board for further discussion and approval.

The results of the assessment were properly documented, summarised and reported to the Board. The results of the annual assessment for the financial year under review revealed that the Board and Board Committees had carried out their duties well and amicably with most of the questions rated positively. The Board was satisfied with its overall performance and noted the findings and areas that necessitated further improvements.

3.2 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, time commitment, contribution and their ability to act in the best interest of MGB.

The Board at its meeting held on 17 February 2023, had reviewed and satisfied with the Directors' performance rating of each director in competencies assessment on their contribution, performance, calibre and personality in relation to the skills and experience and other qualities they bring to the Board as well as their time commitment to the Company; and assessment on level of independence of each Independent Director, 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 21st Annual General Meeting ("**21st AGM**"):-

- Dato' Abdul Majit bin Ahmad Khan
- Datuk Lim Lit Chek

The Board is in view of Dato' Abdul Majit bin Ahmad Khan and Datuk Lim Lit Chek, who stand for re-election, with their pertinent expertise, skills and extensive knowledge, would continue to make significant contributions and effectively to the Company's decision-making during deliberations or discussion. The shareholders have the right to vote on their re-election during the coming 21st AGM.

3.3 Supply and Access to Information

The Board has unrestricted access to the advice and services of the Company Secretaries who are suitably qualified and competent to support the Board. The Company Secretaries are responsible for providing support and guidance to the Board on policies and procedures, rules and regulations and relevant laws in regard to the Company as well as the best practices on governance.

In addition, all Directors have full and unrestricted access to all information pertaining to the Group's businesses and affairs in a timely manner to enable them to discharge their duties effectively.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors and Board Committees in advance of the scheduled meetings. Notices of meetings are sent to Directors at least seven (7) days before the meetings. Management provides the Board with detailed meeting materials at least seven (7) days or such shorter period as agreed by the Board in advance of the Board or Board Committees' meetings. This enables the Directors to have sufficient time to peruse the Board papers and seek clarifications or further details from the Management or the Company Secretaries before each meeting.

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. Senior Management and relevant external consultants may be invited to join the meetings to brief the Board and Board Committees on the requisite information on matters being discussed, where necessary.

The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advise at MGB's expense in furtherance of their duties.

3.4 Board Meetings

The Board schedules meetings on a quarterly basis and additional meetings which require the Board's deliberation and approval will be convened in between the scheduled meetings as and when necessary. 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 in planning ahead and incorporating the said meetings into their respective schedules. A total of five (5) Board meetings were convened in FY2022.

Technology is effectively used in the meetings of Board and Board Committees and in communication with the Board, where the Directors may receive agenda and meeting materials online and participate in meetings via audio or video conferencing.

The Chairman of the meeting is responsible to assure that robust and vigorous deliberations at Board and Board Committee meetings and provide opportunities to all Directors to participate and contribute to the decision-making process as well as to ensure that the process of constructive and healthy dialogue is achieved.

Matters deliberated at Board meetings include among others, strategies, business plans and budget, financial and business performance reports, investment decisions, Enterprise Risk Management reports, policies, and corporate governance. The Board meetings are convened upon finalisation of the Company's quarterly results and annual results for the Board to review and approve prior to announcement to Bursa Malaysia. The respective Chairman of AC, NRC, RMC and SC also updated the Board on the proceedings of their respective Committee meetings. All proceedings and deliberations including comments made by the Directors at the Board and Board Committee's meetings were duly minuted and signed.

Minutes of each Board and Board Committee's meeting are properly kept by the Company Secretaries at the Registered Office. The minutes of Board and Board Committee's meetings were circulated in a timely manner to all Directors for their perusal prior to the minutes tabled for confirmation at the next Board and Board Committee's meeting. The Directors may request for clarification or raise comments on the minutes prior to their confirmation.

The Board and Board Committees have discharged their roles and responsibilities by attending the Board and Board Committees meetings held in FY2022. The Board is satisfies with the level of time commitment given by the Directors in carrying out their responsibilities which is evidenced by the attendance record of the Directors set out in table below:

			ATTENDANCE											
NO.	NAME OF BOARD MEMBERS	DESIGNATION	BD	%	AC	%	NR	%	RM	%	SC	%	AGM	%
1.	Dato' Abdul Majit Bin Ahmad Khan	Independent Non-Executive Chairman	5/5	100	5/5	100	1/1	100	2/2	100	2/2	100	1/1	100
2.	Tan Sri Dato' Sri Lim Hock San, *JP*	Executive Vice Chairman	5/5	100	-	-	-	-	-	-	-	-	1/1	100
3.	Datuk Wira Lim Hock Guan, *JP*	Group Managing Director	5/5	100	-	-	-	-	1/2	50	2/2	100	1/1	100
4.	Datuk Lim Lit Chek	Executive Director & Chief Executive Officer	5/5	100	-	-	-	-	2/2	100	2/2	100	1/1	100
5.	Mr Lim Kim Hoe #	Executive Director & Deputy Chief Executive Officer	-	-	-	-	-	-	-	-	-	-	-	-
6.	Dato' Beh Hang Kong	Independent Non-Executive Director	5/5	100	5/5	100	1/1	100	2/2	100	2/2	100	1/1	100
7.	Puan Nadhirah binti Abdul Karim##	Independent Non-Executive Director	5/5	100	5/5	100	1/1	100	2/2	100	2/2	100	1/1	100
	Total number of meetings for FY2022		**5**		**5**		**1**		**2**		**2**		**1**	

LEGEND						
	BD	Board of Directors	NR	Nomination & Remuneration Committee Member	SC	Sustainability Committee Member
	AC	Audit Committee Member	RM	Risk Management Committee Member	AGM	Annual General Meeting

\# *Mr Lim Kim Hoe resigned as Executive Director with effective from 1 January 2022.*

\## *Puan Nadhirah binti Abdul Karim was appointed as member of NRC with effective from 1 January 2022.*

The Board's 2022 Key Focus Areas & Priorities

The diagram illustrated below shows the key areas of focus for the Board which appear as items on the Board's agenda at the respective meetings throughout the year.

Corporate Governance Overview Statement

Highlights of Board Activities During FY2022

FEB	Update on Enterprise Risk Management ("**ERM**") and Management Proposed Action Plans.
	Review and approve Audit Review Memorandum by external auditors
	Table results of Board Effectiveness Evaluation 2021
	Review and approve the performance rating of directors to be seek for re-election in 20th AGM in 2022
	Setting KPI for Executive Directors and Senior Management
	Review remuneration package of Executive Directors and Senior Management (Grade GM1 and above)
	Review and approve 4th Quarterly Results
	Review Solvency Analysis and approve payment of Interim Dividend
	Review Related Party Transaction & Recurrent Related Party Transactions
	A summary of dealings on securities by Directors from last meeting
	Adoption of Sustainability Policy
APR	Approval of Audited Consolidated Financial Statements 31 December 2021
	Review and propose Director Fees and allowance to be approved by the shareholders in AGM
	Review and propose payment of Directors' benefits (excluding Directors' fees) to be approved by the shareholders in AGM
	Review the Solvency Analysis and proposed payment of Final Dividend, to be approved by the shareholders in AGM
	Approval of Annual Report and Corporate Governance Report for the Financial Year 2021
	Review the performance of auditors during term of office and recommend to the Shareholders for the re-appointment of External Auditors
	Review and approve the Circular to shareholders in relation to proposed renewal of existing shareholders' mandate for recurrent related party transaction (RRPT) of a revenue or trading nature; and proposed purchase by the Company of up to 10% of its issued and paid-up capital
	Adoption of Gift, Entertainment and Hospitality Policy, Donation and Sponsorship Policy, Code of Conduct and Business Ethics, Human Rights Policy and Workplace Harassment Policy
MAY	Review and approve 1st Quarterly Results
	Review and approve the Internal Audit Report
	Review Related Party Transaction & Recurrent Related Party Transactions
	A summary of dealings on securities by Directors from last meeting
JUN	Convening of the Company's 20th AGM
	Adoption of Fit & Proper Policy
	Revised Dividend Policy
AUG	Review and approve ERM Framework
	Update on ERM and Management Proposed Action Plans
	Review and approve 2nd Quarterly Results
	Review Related Party Transaction & Recurrent Related Party Transactions
	A summary of dealings on securities by Directors from last meeting
NOV	Review and approve Audit Planning Memorandum by external auditors
	Review and approve 3rd Quarterly Results
	Review and approve the Internal Audit Report
	Review and approve Internal Audit Planning for 2023
	Review Related Party Transaction & Recurrent Related Party Transactions
	A summary of dealings on securities by Directors from last meeting

3.5 Dealing in Securities and Related Party Transaction

Notices on the closed periods for dealings in the securities of the Company are circulated to all Directors and principal officers of the Company every quarter at least one (1) month before the scheduled meeting date to review and approve the quarterly results, in order for them to avoid dealing in securities during closed period, and if they do, to observe the clearance procedures as set out in the MMLR of Bursa Malaysia, to make necessary disclosure to the Company and given notice to Company Secretary, whenever the closed period is applicable.

A Director shall immediately declare to the Company if he/she has any interest in transactions that are to be entered directly or indirectly with the Company. He/She shall disclose the extent and nature of his/her interest at a Board meeting or as soon as practicable after he/she become aware of the conflict of interest. He/She shall abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

3.6 Directors' Training

In line with Paragraph 15.08 of MMLR of Bursa Malaysia, the Directors recognise the importance and value of attending conferences, training programmes and seminar in order to gain insights into the latest regulatory and industry developments in relation to the Group's business.

During FY2022, the Directors participated in conferences, seminars and training programmes that covered areas of corporate governance, finance, global business developments and relevant industry updates in various capacities, as delegates and/or speakers, details of which are set out below:

NO	DIRECTOR	DEVELOPMENT PROGRAMMES ATTENDED	DATE
1.	**Dato' Abdul Majit bin Ahmad Khan**	ACE (Anti-Corruption Empowerment) Talk Series	9 May 2022
		Sustainability Management & Reporting	9 August 2022
		Key Amendments To Listing Requirements 2022 and Various Corporate Proposals	7 November 2022
		Cybersecurity Approach & Risk Mitigation	10 November 2022
2.	**Tan Sri Dato' Sri Lim Hock San, *JP***	Sustainability Management & Reporting	9 August 2022
		Cybersecurity Approach & Risk Mitigation	10 November 2022
3.	**Datuk Wira Lim Hock Guan, *JP***	Sustainability Management & Reporting	9 August 2022
		Advocacy Sessions for Directors & Senior Management of Main Market Listed Issues Confirmation	16 August 2022
		Cybersecurity Approach & Risk Mitigation	10 November 2022
4.	**Datuk Lim Lit Chek**	Sustainability Management & Reporting	9 August 2022
		Cybersecurity Approach & Risk Mitigation	10 November 2022
5.	**Dato' Beh Hang Kong**	Sustainability Management & Reporting	9 August 2022
		Cybersecurity Approach & Risk Mitigation	10 November 2022
6.	**Puan Nadhirah Binti Abdul Karim**	Sustainability Management & Reporting	9 August 2022
		Cybersecurity Approach & Risk Mitigation	10 November 2022
		Board of Director Leadership ESG Essentials	15 – 16 November 2022

3.7 Ethical and Procedural Standards

MGB committed in upholding high ethical and procedural standards that are aligned with the values and objectives of the Company. To this end, MGB has in place internal policies, standard, guidelines, procedures and codes in support of MGB's corporate governance framework. Some of the key internal policies, standards, guidelines, procedures and codes are outlined below:

3.7.1 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 the relevant laws, rules and regulations. The Board Charter has been revised on 22 February 2022, and is accessible at the Company's corporate website.

3.7.2 Code of Conduct & Business Ethics

The Group's Code of Conduct & 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.

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:

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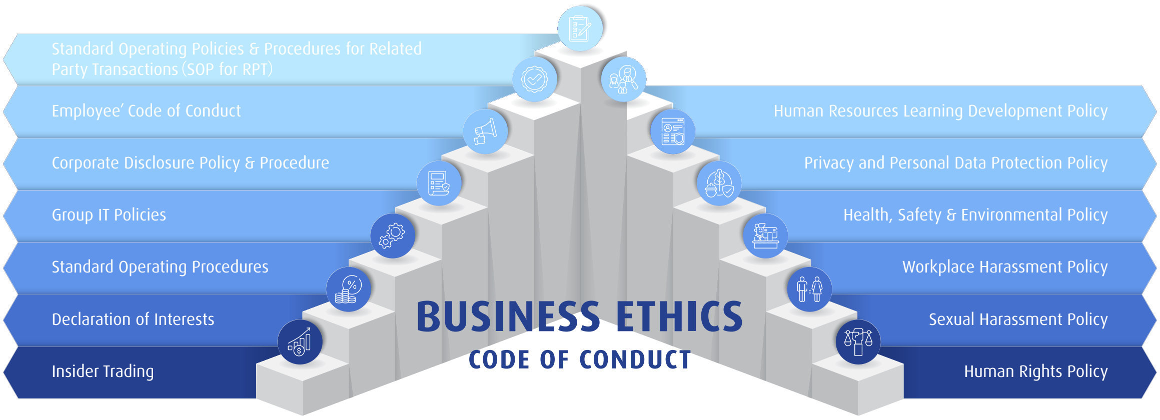
The Board will review the Directors' Code of Conduct as and when necessary to ensure it remains relevant and appropriate. The Directors' Code of Conduct is available on the Company's corporate website.

Business Ethics

Directors and 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:



3.7.3 Whistleblowing Policy

Mechanisms to report unethical conducts and incompliance 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 and incompliance 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. Investigating Team shall conduct investigation on reported unethical conducts and incompliance per the procedure disclosed in the Whistleblowing Policy.

The Whistleblowing Policy has been updated and revised by the Board on 17 January 2022 and is available on the Company's corporate website.

3.7.4 Anti-Bribery and Corruption Policy ("ABC Policy"), Gift, Entertainment and Hospitality Policy and Donations and Sponsorships Policy

The Board is committed to promote good corporate governance culture which reinforces ethical, fairness and professional behavior in conducting business. As a continuing effort in assuring that business is conducted ethically, the Board has adopted ABC Policy which is 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. To further enhance of ABC policy, the Board has adopted the Gift, Entertainment and Hospitality Policy as well as Donations and Sponsorships Policy on 11 April 2022, which applies to all personnel, business associates, third party and/or their representatives acting on behalf of MGB Group. All three policies are available on the Company's corporate website.

3.7.5 Sustainability Policy

MGB Group is committed to adhere to all standards of upright business conduct – through integrity, transparency with a constant and growing progression towards excellence in every area of business conduct, striving towards United Nations Sustainable Development Goals (UNSDG). To this end, the Board in place a Sustainability Policy on 22 February 2022, to embed the principles of sustainability into the Group's business operations.

The policy outlines the general principles and structures the foundations that govern the sustainability strategy of the Group to ensure that all its corporate activities and businesses are carried out while enhance the sustainable creation of value for shareholders and taking into account the other stakeholders related to its business activities, natural resources, society and neighbouring communities, promoting the values of sustainability, integration and dynamism, favouring the achievement of the Sustainable Development Goals. The Sustainability Policy is accessible on the Company's corporate website.

3.7.6 Fit and Proper Policy

MGB Group has adopted the Fit and Proper Policy on 10 June 2022 to ensure a formal, rigorous and transparent process for appointment and re-election of directors and key senior management within MGB Group.

The Policy frames fit and proper standards and measures for key senior management and directors and lay down the internal procedures for the implementation of the said standards and measures to ensure that the key senior management and directors of the Group are of high calibre, sound judgment, high integrity and credibility as they are entrusted by the shareholders and other stakeholders to manage and perform effectively.

3.7.7 Diversity and Inclusion Policy

MGB Group acknowledges the importance of diversity in its boardroom, senior management and workforce. MGB endeavors to achieve a diverse and skilled workforce with the highest standards of professionalism, accountability, integrity and competencies for the continuous improvement in the work place.

The Board has adopted Diversity and Inclusion Policy on 17 February 2023 to set out the principles and measurable to promote diversity for the board and workforce of the Group. The recruitments of the best talents in the work place regardless of gender, ethnicity and age are with the objective of maximising the performance, efficiencies and effectiveness of the organisation. The selection of candidates are based on merits, skills, knowledge, expertise, experience, professionalism and integrity regardless of gender, ethnicity and age.

3.7.8 Crisis Management Policy

MGB recognises the importance of crisis management in order to manage the crises when it happened to minimise the disruption of the organisation daily business operations.

The Board has adopted a Crisis Management Policy on 17 February 2023 to set the responsibilities and procedure on crisis management within all entities of MGB Group.

3.8 Directors' Indemnity

MGB continues to provide and maintain indemnification for its Directors throughout the year under review as allowed under Companies Act, 2016. To the extent it is insurable under the Directors' and Officers' Liability Insurance (D&O) procured incurred by them in discharging their duties while holding office as Directors and Officer of the Company.

3.9 Succession Planning

The Board has adopted a Succession Planning Policy in 2021 to ensure MGB Group identifies high-potential employees and prepare them for high-level management positions through mentoring, coaching and training to replace those key business leaders who leaves their positions.

The objectives of the Succession Planning Policy are as follows:

a) To ensure the stability and accountability of the Group by having a plan to support operation and service continuity when the Group Managing Director, Executive Directors or Senior Management leave their positions;
b) To help the Group in preserving its information and knowledge that will be lost due to resignation, retirement or general attrition;
c) To prepare a diverse pool of suitably qualifies and motivated employees for higher role and responsibilities; and
d) To develop career paths for employees which facilitate the Group's ability to recruit, train and retain top-performing or high talent employee, by addressing competency and skill gaps.

4. REMUNERATION

The Board has adopted a Remuneration Policy in 2021, to ensure the payment of equitable, competitive remuneration to Key Managerial Personnel, Senior Management and all employees of the Company which is based on individual performance, Company's benchmark, industry practices and performance of the Company as a whole. The Remuneration Policy is reviewed by the NRC and the Board periodically, when necessary. The Remuneration Policy is available on the Company's corporate website.

4.1 Director's Remuneration

The NRC is entrusted to review and approve the remuneration package of the Executive Directors and Senior Management (Grade GM1 and above) annually. The NRC will also deliberate on the proposal on revision of remuneration package and bonus pay out for Executive Directors and Senior Management (Grade GM1 and above). Upon satisfactory, the NRC will make recommendations on the remuneration package for Executive Directors and Senior Management (Grade GM1 and above) to the Board for approval.

A detailed disclosure of the Directors' remuneration on named basis is presented in the CG Report 2022 that is available on the Company's corporate website.

However, the determination of the remuneration of the INEDs is a matter to be decided by the Board collectively with the Directors concerned abstaining from deliberations or voting on decision in respect of their individual remuneration. The Directors' fees structure which embraces market practices and trends is designed to attract and retain high calibre Board members to ensure they are appropriately paid for their time and effort contribution. The Directors' fees would be benchmarked against fees paid by comparable listed companies in Malaysia periodically.

MGB also adopts the practice of seeking shareholders' approval on the payment of Directors' fees and allowance to the Non-Executive Directors in respect of the FY2022 and seeking shareholders' prior approval, at the AGM, for the payment of Directors' benefits of up to a certain amount to the Non-Executive Directors for the period commencing from the AGM date, 20 June 2023 until the next annual general meeting of the Company.

During FY2022, the Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities in accordance with its Terms of Reference, which is accessible on the Company's corporate website.

4.2 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 that 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:

Top 5 Senior Management Remuneration 2022

	SALARIES, BONUSES, ALLOWANCES & OTHER EMOLUMENTS	BIK	TOTAL
Top 5 Senior Management Remuneration	92%	8%	100%
	92%	8%	100%
	96%	4%	100%
	96%	4%	100%
	97%	3%	100%
Total amount paid/payable during FY2022 (RM'000)	**RM2,917**		

5. SUSTAINBILITY LEADERSHIP

The Board has intensified its effort to drive sustainability within the Group by setting up a Board Sustainability Committee to oversee sustainability efforts including implementation of the sustainability strategy set by the Group, driving change within operational and functional groups. The Board is aware that the construction and property development industries consume significant quantity of resources and also produce a wide range of environmental and social impacts. Hence, our continued drive to play our part in driving new solutions, aided by technology and innovation for a greener, more sustainable industry.

The Board and Senior Management are accountable for embedding sustainability initiatives and targets throughout our business operations and overseeing their execution. Our corporate policies have built strong foundation for corporate governance, earning the trust of our shareholders to create sustainable value. Sustainability principles are widely practised throughout MGB Group including business conduct, procurement, quality control, project design and management, talent management, and engagements with the community and wider society.

To demonstrate our commitment towards excellence in the sustainability, our Sustainability Committee, chaired by Executive Director & Chief Executive Officer, Datuk Lim Lit Chek, is responsible for implementing, overseeing and addressing all sustainability-related issues from our stakeholders. He is also tasked to ensure that all the sustainability-related matters are duly managed and addressed at the highest level of decision-making. This commitment is to ensure greater focus and accountability for achieving our sustainable vision and mission as we aspire to do better and adopt all the best practice as recommended by MCCG.

For further details on the MGB's commitment towards sustainability, please refer to Sustainability Statement on pages 45 to 71 of the Annual Report and the standalone Sustainability Report made available at the Company's corporate website.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board is assisted by the AC to oversee the Group's financial reporting processes and the quality of its financial reporting and to ensure the financial statements of the Group comply with the applicable financial reporting standards in Malaysia.

In line with the best practices of MCCG and Paragraph 15.09(1)(b) of the MMLR of Bursa Malaysia, the AC comprises exclusively of Independent Non-Executive Directors and the Chairman of the AC is not the Chairman of the Board. The AC is chaired by Dato' Beh Hang Kong, an Independent Non-Executive Director.

All the AC members are financially literate and are able to understand matters under the purview of the AC including the financial reporting policies, carried out their duties in accordance with the TOR of the AC. Therefore, the AC is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation.

The AC is responsible for the oversight and monitoring of the following:

a) The Group's financial reporting and accounting policies.
b) Risk management and internal control within the Group.
c) Related party transactions and conflict of interest situations that may arise within the Group.
d) The Group's internal audit functions, which may include review of the internal audit plans, appointment and termination of the internal audit function.
e) The appointment/ re-appointment, scope of work and evaluation of the external auditor.

The AC had revised its TOR on 22 February 2022. For the FY2022, no former key audit partner of the Company's Auditors is appointed as a member of AC.

The composition and summary of work carried out by AC during the financial year is presented in the Audit Committee Report of this Annual Report.

On an annual basis, the composition and performance evaluation of the AC is reviewed by the NRC and results reported to the Board for approval. In the year under review, the Board has confirmed its satisfaction with the performance of the AC in discharging its duties and responsibilities in accordance with its TOR.

Relationship with External Auditors

The AC evaluated the performance of the external auditors for the FY2022 covering areas such as calibre of external audit firm, quality processes/performance, independence and objectivity, audit scope and planning and audit communications with reference to the Paragraph 15.21 of MMLR of Bursa Malaysia as well as Bursa Malaysia's Corporate Governance Guide 3rd Edition. After due consideration by the AC of the suitability, objectivity, independence and performance of the external audit firm, Messrs UHY ("**UHY**"), the AC had recommended for the Board to seek shareholders' approval the re-appointment of UHY as external auditors for the financial year ending 31 December 2023 at the forthcoming 21st AGM.

The AC had also obtained written assurance from the external auditors, UHY that they are independent of the Group, and UHY has fulfilled other ethical responsibilities in accordance with the by-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

The shareholders of the Company had on 15 June 2022, during the 20th AGM of the Company approved the re-appointment of UHY as the External Auditors of the Company for FY2022. Through the AC, the Company maintains a professional and transparent relationship with UHY. The AC met the external auditors once 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 the AC on matters that warranted their attention.

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.

In terms of independence, the AC obtained written assurance from UHY 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.

For further information, please refer to the Audit Committee Report on page 95 to 98.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management Framework

The Board is fully 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 FY2022, 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 Group has outsourced its internal audit function to external consultants, which reports directly to the AC. The Internal Auditors are able to undertake independent and systematic reviews of the systems of internal controls and procedures of operating units which the Group so as to provide reasonable assurance that such systems continue to continue to operate satisfactorily, effectively and in compliance to the Group's established policies and procedures.

For further information, please refer to the Statement on Risk Management and Internal Control on page 99 to 104.

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

Communication between MGB and Stakeholders

The dissemination of timely and accurate information is important for shareholders and investors to enable them to make informed investment decisions about the Company. The Board recognised the importance of effective communications with the Company's Shareholders and other stakeholders including the general public. The two-way communication with our shareholders, investors and other stakeholders enables us to evaluate views and feedback that are incorporated into our decision-making process. The Board believes its practices in this area are consistent with the MCCG's provisions concerning dialogue with the shareholders, investors and other stakeholders and with good governance. Information on the Group's business activities and financial performance are disseminated timely through AGM, announcements to Bursa Malaysia, publishing at the Company's corporate website, press releases, issuance of the Annual Report as well as online social networking.

MGB actively updates its corporate website https://mgbgroup.com.my/ with the latest information of the Group and this help to promote accessibility of information to MGB's shareholders and other stakeholders.

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.

Gift, Entertainment and Hospitality Policy adopted on 11 April 2022	To establish the guidelines on the giving or receiving of Gift, Entertainment and Hospitality to and from business associates, third party and/or their representatives besides personnel of MGB Group.
Donations and Sponsorships Policy adopted on 11 April 2022	To govern all Donations and Sponsorships provided by business associates acting on behalf of MGB Group besides personnel of MGB Group, shall be ethical and legal under applicable laws and not with intention to influence any business decisions or cause other to perceive it as such.
Fit and Proper Policy adopted on 10 June 2022	To lay down fit and proper criteria and lay down the process of due diligence to determine the suitability of the person for the appointment / re-election / continuing to hold the position as a key senior management and a director of the Company.
Dividend Policy revised on 27 June 2022	Declare and pay a minimum dividend of 20% of the Company's Profit after Taxation and Minority Interest based on ordinary operation profits for each financial year, subject to among others, including but not limited to the followings: • The level of our available cash, gearing, return on equity and retained earnings; • Our expected financial performance; • Our projected levels of capital expenditure and other investment plans; • Our working capital requirements; and • Our existing and future debt obligations.
Diversity and Inclusion Policy adopted on 17 February 2023	To promote diversity for the Board and workforce of the Group and recruitments of the best talents in the workplace regardless of gender, ethnicity and age are with the objective of maximising the performance, efficiencies and effectiveness of the organisation. The selection of candidates is based on merits, skills, knowledge, expertise, experience, professionalism and integrity regardless of gender, ethnicity and age.
Crisis Management Policy adopted on 17 February 2023	To set the role and responsibilities and principles of crisis management in relation to all entities of the Group.

2 Hybrid Townhall

1 Virtual AGM

8 Meetings with Fund Managers & Analysts

51 Announcements to Bursa Malaysia and on the Group Corporate website

Annual General Meeting

The AGM is the principal forum to two-way interaction between the shareholders with the Board and Management of the Group. The notice and agenda of our 20th 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. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

With reference to the revised 'Guidance and FAQs on the Conduct of General Meetings for Listed Issuers' issued by the Securities Commission Malaysia ("**SC's Guidance**") on 7 April 2022 as well as part of the safety measures in view of the COVID-19 outbreak, the 20th AGM of the Company was conducted through live streaming and online remote voting using Remote Participation and Voting facilities on 15 June 2022. The Board was in view of virtual AGM will facilitate greater shareholder's participation (including posting questions to the Board of Directors and/or Management of the Group) and vote at the AGM without being physically present at the venue. Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") was appointed as the poll administrator of the 20th AGM of the Company.

The Company had notified the shareholders on the change of the conduct of its AGM to a fully virtual meeting through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities without physical attendance by shareholders, together with the guidance provided in its Administrative Guide dated 29 April 2022. The same was also published through announcement to Bursa Malaysia and the Company's corporate website respectively. The Company held its fully virtual AGM on 15 June 2022 at the Broadcast Venue at Board Room, Level 4, Plaza Seri Setia, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan by leverage technology in compliance with Section 327 of the Companies Act, 2016.

Shareholders were encouraged to submit the questions pertaining to the Annual Report, resolutions being proposed and the business of the Company and the Group in general as well as the Group's long-term strategies before the AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically; or submitting typed questions in real time on the meeting platform via the query box. All questions posed by the shareholders before the AGM and during the AGM were screened on the RPV platform made visible by all meeting participants during the AGM. The Chairman had assigned the Executive Director & Chief Executive Officer to respond to all questions raised and provided clarification as required by shareholders. The Board, however, regrets that not all queries could be answered at the AGM due to time constraint. Nevertheless, answer to the remaining unanswered questions were emailed to respective shareholders and recorded in the Minutes of AGM which subsequently posted on the Company's corporate website for public viewing.

In fostering effective participation and engagement with shareholders at the AGM, all six (6) Directors (including the Chairman of AC; Chairman of NRC; Chairman of RMC; and Chairman of SC), Senior Management, Company Secretaries and External Auditors, were present virtually to engage with the shareholders, and be accountable for their stewardship of the Company at the last fully virtual AGM to provide answers and clarification to shareholders.

In line with the MMLR of Bursa Malaysia and to strengthen transparency and efficiency in the voting process, the Company adopted electronic poll voting at its 20th AGM and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. Asia Securities Sdn. Berhad has been appointed as Independent Scrutineer for e-Vote process to validate the votes cast. The Chairman announced the poll results to the meeting and declared that all the resolutions were carried. The poll results were displayed on the screen before closure of the AGM and subsequently announced by the Company via BursaLINK on the same day for the benefit of all shareholders. The minutes of the 20th AGM including all questions raised for the meeting and the answers thereto were published on the Company's corporate website within one month after the AGM date.

MGB will continue to offer remote shareholders' participation in future general meetings and will undertake a further review to determine the measures that can be taken to facilitate shareholders' participation and enhance the quality of general meetings through the use of digital tools.

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 2022.

This statement together with the CG Report 2022 were approved by the Board on 14 April 2023.

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 2022.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2022, MGB Group paid a total of RM334,285 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	85,000	271,085
Non-Audit Fees		
- UHY	23,000	27,500
- Affiliates of UHY	3,200	35,700
Total	**111,200**	**334,285**

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 2022 or entered into since the end of the previous financial year.

Audit Committee Report

The Board of Directors of MGB Berhad ("**the Board**") presents the Audit Committee Report ("**AC Report**") which provides the insights into the manner in which the Audit Committee ("**AC**") discharged its duties and functions for the Group for the financial year 2022 ("**FY2022**").

COMPOSITION

As at the date of this AC Report, the AC comprises exclusively of Independent Non-Executive Directors:

Chairman	:	Dato' Beh Hang Kong (Independent Non-Executive Director)
Member	:	Dato' Abdul Majit bin Ahmad Khan (Independent Non-Executive Director)
Member	:	Puan Nadhirah binti Abdul Karim (Independent Non-Executive Director)

The composition of the AC is in compliance with Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirement ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") as the AC must comprise of not fewer than three (3) members which requires all members to be Non-Executive Directors with a majority of them being Independent Directors. In addition, the member of the AC, Puan Nadhirah binti Abdul Karim is a member of Malaysian Institute of Accountants, thereby fulfilling the financial expertise requisite pursuant to Paragraph 15.09(1)(c) of the MMLR of Bursa Malaysia.

MEETINGS AND ATTENDANCE

During the FY2022, the AC held five (5) meetings. The details of attendance of the AC members as follows:

COMMITTEE MEMBER	MEETING ATTENDANCE	PERCENTAGE OF ATTEN-DANCE
Dato' Beh Hang Kong	5/5	100%
Dato' Abdul Majit bin Ahmad Khan	5/5	100%
Puan Nadhirah binti Abdul Karim	5/5	100%

The Management, Head of Accounts, Head of Finance, External Auditors and Internal Auditors, where necessary, were invited to attend AC meetings to provide explanations and answer queries, with the Company Secretary in attendance. 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 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 are reviewed regularly and approved by the Board. The latest Terms of Reference of AC was reviewed and revised on 22 February 2022 and is available on the Company's corporate website at www.mgbgroup.com.my.

REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Board, via Nomination and Remuneration Committee performs an annual review and assessment of the term of office and performance of the AC to assess the AC's effectiveness in carrying out its duties as set out in the Terms of Reference. 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.

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 unaudited financial results and audited financial statements prior to submission to the Board for approval and subsequent announcement, focusing on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal and regulatory requirements to ensure compliance with the provisions of the Companies Act, 2016 and the MMLR of Bursa Malaysia.
- Reviewed the Company's status of compliance with the provisions set out under the Malaysian Code on Corporate Governance ("**MCCG**") for the purpose of preparing the Corporate Governance Report pursuant to the requirement of Paragraph 15.25 of the MMLR of Bursa Securities and the prescribed corporate governance principles and practices under the MCCG before recommending them to the Board.
- Reviewed the AC Report, Corporate Governance Overview Statement, Additional Compliance Information, Statement on Risk Management and Internal Control, Related Party Transactions ("**RPT**") & Recurrent Related Party Transactions ("**RRPT**"), and recommending to the Board for inclusion in the Annual Report.
- Reviewed related party transactions and conflict of interest situation that may arise within the Group and/or Company, to ensure that transactions entered into were on arm's length basis and on normal commercial terms.
- Conducted private sessions with the External Auditors in the absence of the Executive Directors and Management in conjunction with the AC Meetings.

2. External Audit

- Reviewed the External Auditors' scope of work, budget and audit plan outlining their audit team, audit timeline, key areas of audit focus, communication of other significant audit matters and other updates and amendments.
- Reviewed the results of the audit, the External Auditors' report, the management letter, including Management's response and internal controls recommendations in respect of control weaknesses noted in the course of their audit.
- Evaluated the performance of the External Auditors for FY2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the External Auditors. A written assurance from the External Auditors was given to the Company on declaration 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 shareholder's approval at the annual general meeting of the Company.
- Reviewed and approved the non-audit services provided/to be provided by the External Auditors and its affiliates to ensure the provision of the non-audit services does not impair their independence or objectivity as External Auditors of the Group.
- 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 assessed the internal audit function, plans and performance for the financial year under review.
- Reviewed and approved the Internal Audit Plan and budget for the FY2022 to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks. Any subsequent changes to the Internal Audit Plan are approved by the AC.
- Reviewed the audit reports presented by Internal Auditors on findings and recommendations with regards to system and control weaknesses noted in the course of their audit and Management's responses thereto and ensuring material findings are adequately addressed by Management.
- 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 Committee

- Reviewed and assessed the risk management needs, plans and performance for the financial year under review.
- Reviewed the Implementation Status of Management Action Plans under the Departmental Risk Register and New Risk Identified by the Heads of Department.
- Reviewed the Principal Corporate Risks of the Company and its Proposed Action Plans
- Reviewed the Terms of Reference of Risk Management Committee and recommended the same for approval by the Board of Directors.
- Reviewed the Revised Enterprise Risk Management Framework.
- Reviewed the Departmental Enterprise and Corruption Risk Register of the Group and the Proposed Management Action Plan.

5. Related Party Transactions

- Reviewed the RRPT, RPT and conflict of interest situations 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 RRPT of a revenue or trading nature before tabling to the Board for recommendation to the shareholders for approval.

6. Others

- Reviewed and proposed purchase by the company of up to 10% of its issued and paid-up share capital before tabling to the Board for recommendation to the shareholders for approval.

INTERNAL AUDIT FUNCTION

The Group has outsourced its 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 ten (10) audit executives of GASB and led by Mr Wong Tchen Cheg ("**Mr Wong**"), an experienced internal auditor and has been with GASB for approximately eight (8) years, having joined in year 2015. Mr Wong is a Member of Malaysia Institute of Accountant (MIA) and CPA Australia. He has more than eighteen (18) years' professional experience in providing risk management system and internal controls review service.

Audit Committee Report

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:

During the FY2022, the following activities were carried out by the Internal Auditors in discharge of its responsibilities:

a) Develop the annual Internal Audit Plan and conduct it based on the annual Internal Audit Plan which was tabled before and approved by the AC.
b) Review on Sales & Marketing Management and Credit Management to ensure established policies & procedures are approved, conveyed, and adhered by Group wide.
c) Emphasis on best practices and management assurance that encompass all business risks, particularly on the effectiveness and efficiency of operations, reliability of reporting, compliance with applicable law and regulations and safeguard of assets.
d) Performed follow-up on status of management agreed action plan on recommendation raised in previous cycles of internal audits including specific timelines for those outstanding matters to be resolved.
e) Reports issued by the internal audit function and significant audit findings and areas for improvements were presented 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 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 RM31,000.

Statement on Risk Management and Internal Control

The Board of Directors of MGB Berhad ("**the Board**"), in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), is pleased to present the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 ("**Statement**"). The Statement, which outlines the nature and scope of risk management and internal control of MGB Berhad and its subsidiaries ("**the Group**") during the year, is guided by 'the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers' as required by Bursa Malaysia.

The Board is committed to continuously improving the Group's risk management and internal control. This Statement does not cover associates and joint venture where risk management and internal control are managed by the respective management teams.

The Group has a well-defined organisational structure with clearly delineated lines of accountability, authority and responsibility to the Board, its committees and operating units. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control systems.

BOARD RESPONSIBILITY

The Board recognises the importance of sound risk management practice and internal controls to safeguards the interest of shareholders, customers, employees and the Group's assets. The Board affirms its overall responsibility of the Group's system of risk management and internal control, which include the establishment of an appropriate control environment and framework, as well as a review of its adequacy and integrity. The Board as such is responsible for 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 on-going process for identifying, evaluating, monitoring and managing principal risks that affect the attainment of the Group's business objectives and goals. 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.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage and minimise impact rather than to eliminate, the risks of failure to achieve the policies, goals and objectives of the Group. It can only provide reasonable, rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

The Code of Conduct & Business Ethics and Directors' Code of Conduct underpin our commitment to good corporate behaviour and are an integral part of the Group's system of corporate governance. The Code of Conduct & Business Ethics and Directors' Code of Conduct 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 Code of Conduct & Business Ethics and Directors' Code of Conduct are 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 approval of this Statement for inclusion in the Annual Report, 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 highlighted by the internal and external auditors are reviewed by the AC to ascertain that the mitigation plans are implemented by Management in 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

Pursuant to Practice 10.3 of the Malaysian Code on Corporate Governance ("**MCCG**"), the Company has established a Risk Management Committee ("**RMC**") which comprises a majority of Independent Non-Executive Directors and headed by the Group Managing Director on 1 January 2022, for overseeing the risk management efforts within the Group. The RMC is supported by the Risk Management Working Group ("**RMWG**"), which led by the Executive Director & Chief Executive Officer which comprises a team of Senior Management. The overall responsibilities of RMC are overseeing the Group's risk management activities, approving appropriate risk management procedures and measurement methodologies, identification and management of strategic business risks and sustainability 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

Pursuant to Practice 10.1 and 10.2 read together with Guidance 10.1 and 10.2 as set out in the 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 RMC and AC for deliberation and action plans to be taken by the Management in mitigating the risks. The Enterprise Risk Management ("**ERM**") Framework ("**ERM Framework**"), which was approved by the Board on 22 February 2019, is aligned with framework and guidance issued by Committee of Sponsoring Organisation of the Treadway Commission ("**COSO**") and ISO 31000 – Risk Management Principles and Guidelines.

Subsequently, the revised ERM Framework was tabled and reviewed at RMC Meeting held on 11 August 2022 and approved at the Board of Directors Meeting held on 18 August 2022. The revised ERM Framework is based on three (3) key components of effective risk management where is split further into twelve (12) core building blocks of a successful Risk Management Function:

COMPONENT	BUILDING BLOCK
Risk Ambition and Vision • Determine nature and extent of the strategic risks that MGB is willing to take to achieve its objectives, led by the Board	**1. Risk Governance Bodies** • Creating the structure and oversight for risk to be effectively managed
	2. Risk Policies • Setting the tone and level of risk management applied across MGB
	3. Risk Culture • The values and behaviors that drive risk management in MGB
	4. Risk Appetite • Setting the level of risk of MGB is willing to accept within tolerances.
Risk Organisation • Design, implementation, and maintenance of an effective risk management program, led by the RMC and RMWG.	**5. Risk Resources** • The people and time that is applied to risk management, centrally & across Business Units
	6. Risk Procedures and Templates • Providing guidance and clear direction for all areas of MGB to perform risk management
	7. Risk Supporting Tools • Manual and automated tools leveraged to provide a better risk management process
	8. Risk Training • The support provided across the business to embed risk management
Risk Management Cycle • MGB has implemented the risk management processes from identifying, evaluating, monitoring, managing significant risks and reporting on risks, led by the divisions/ departments. This process is reviewed by the Board, AC and RMC on a semi-annually basis. All the above-mentioned results are updated in the Risk Register.	**9. Risk Identification** • Process if identifying risks and opportunities to business operations, financials and reputation
	10. Risk Measurement and Response • Evaluation of risk on a common scale, with implementation of appropriate response
	11. Risk Management • Ongoing management and evaluation of risk mitigations, controls & other responses to risk
	12. Risk Monitoring and Reporting • Monitoring of key risks indicators to assess likelihood of crystallisation and reporting of current risk environment

As the oversight role of risk management is carried out by the RMC, AC and the Board, the mandate and commitment from RMC, AC and the Board are key success factors in the implementation of ERM Framework. The Risk Governance Structure below illustrates the Board and management level, as outlined in the endorsed ERM Framework. The RMC set the strategic direction on risk policies, roles, responsibilities, and risk reporting structure. The periodic reporting to the RMC, the AC and the Board on risk management initiatives is undertaken by Management by the RMWG, which keeps the RMC, the AC and the Board apprised with respect to the Group's key risk areas, implementation of risk action plans and identify emerging risks and trends.

Statement on Risk Management and Internal Control

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 and Sustainability Risk Profile for the effectiveness of management of risks;
c) evaluate any new risks identified by the RMWG and HODs and follow-up on management action plans; and
d) ensuring that strategic business risks and sustainability 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. The Group will continue to observe a medium risk appetite to pursue its objectives and to take adequate measures to strengthen the control environment in which the Group operates.

KEY INTERNAL CONTROL PROCESSES

The Board and Management have taken various steps to establish a controlled environment that covers the 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

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 include but are not limited to providing 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.

Code of Conduct & Business Ethics and Directors' Code of Conduct

The Group has clearly set out expected behaviours of Directors and employees of the Group through Code of Conduct & Business Ethics and Directors' Code of Conduct. 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 of non-compliance by individuals and organisations.

Whistleblowing Policy

The Group has established a Whistleblowing Policy that allows internal and external stakeholders to raise concerns without fear of retaliation. The Whistleblowing Policy was revised and approved by the Board on 17 January 2022. The policy outlines the reporting process and available channels, as well as the protection provided to whistleblowers who have raised their concerns in good faith and covers the processes by which cases are investigated and acted upon.

The Whistleblowing Policy provides 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.

Gift, Entertainment and Hospitality Policy

The Group has established a Gift, Entertainment and Hospitality Policy on 11 April 2022 to provide guidelines on the giving or receiving of Gift, Entertainment and Hospitality to and from customers, business associates, third party and/or their representatives. MGB Group adopts a "No Gift, Entertainment and Hospitality" Policy whereby all members including but not limited to Directors and Staffs of MGB Group are prohibited from giving and receiving any Gift, Entertainment or Hospitality except for such customary or necessary circumstances otherwise stated.

Donations and Sponsorships Policy

The Group has adopted a Donations and Sponsorships Policy on 11 April 2022 to ensure all donations and sponsorships provided by MGB Berhad, its subsidiaries and business associates acting on behalf of MGB Group must be ethical and legal under applicable laws and not with intention to influence any business decisions or cause other to perceive it as such. The Group makes donations to LBS Foundation, a registered non-profit organisation with the sole aim is to give back to the community through its four (4) main pillars: Education, Community, Environment and Health.

Human Rights Policy

The Group has established a Human Rights Policy on 11 April 2022 to provide a conducive working environment that is characterised by mutual respect. The Company is committed in respecting and abiding internationally recognised human rights standards and fair labour practices according to local statutory laws within the Company's operations. The Board and Management recognise the importance of fair labour practices and a good relationship of mutual respect between employer and employee as we believe this will lead to fostering high employee morale and improve employee engagement within the Company.

Crisis Management Policy

The Group has established a Crisis Management Policy on 17 February 2023 to set the responsibilities and procedure on crisis management within all entities of MGB Group. MGB recognises the importance of crisis management in order to manage the crises when it happened to minimise the disruption of the organisation daily business operations. A Crisis Management Team consist of Emergency Response Team and Health, Safety and Environmental Committee is be set up to oversee the crisis management of MGB Group.

Board Committees

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

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 2022, internal audit visits were carried out based on the approved audit plan, among the key coverage areas were Sales & Marketing Management and Credit Management.

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 on the agreed timeline and presented to the AC. Based on the internal audit reviews conducted during the financial year, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report and are not expected to have any material impact on the financial statements of the Group.

In performing the internal audit review, GASB made reference to the International Professional Practices Framework ("**IPPF**"), the International Standards for the Professional Practices of Internal Auditing and Code of Ethics issued by the Institute of Internal Auditors, as well as the Group's policies.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement of 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 of 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 2022, and reported to the Board that nothing has come to their attention that causes 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 of 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 14 April 2023.

Recurrent Related Party Transactions

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2022 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.	RM 611.69 million	• LBGB is a Major Shareholder of MGB with a shareholding of 58.65%. • Tan Sri Dato' Sri Lim Hock San, *JP* is the Executive Vice Chairman of MGB and a director of various subsidiaries in the MGB Group. He is also the Executive Chairman of LBGB and a major shareholder of LBGB. • Datuk Wira Lim Hock Guan, *JP* is the Group Managing Director of MGB and a director of various subsidiaries in the MGB Group. He is also the Group Managing Director of LBGB and a major shareholder of LBGB. • Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San, *JP*. He is also the Deputy Chief Executive Officer of MGB and a director of various subsidiaries in the MGB Group.
	• Rental of premises from LBGB Group based on market value and is payable on an equal pro-rated monthly basis [i].	RM 0.17 million	

Notes:
[i] Description of Properties

POSTAL ADDRESS	RENTAL VALUE PER ANNUM (RM)	PERIOD OF TENANCY	LANDLORD
G-1 to G-4, Sunway MASPJ@51A, Jalan SS 9A/19, Sungai Way, 47300 Petaling Jaya, Selangor Darul Ehsan	RM168,000.00	1 November 2022 to 31 October 2023	LBS Bina Holdings Sdn. Bhd. Registration No. 198201011456 (91181-K) Plaza Seri Setia, Level 1-4 No. 1, Jalan SS9/2, 47300, Petaling Jaya, Selangor Darul Ehsan

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 14 April 2023.

SECTION 04:

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 2022.

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 8 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	14,211,618	4,667,496
Attributable to:		
Owners of the parent	15,096,389	
Non-controlling interests	(884,771)	
	14,211,618	

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

Dividends paid or declared by the Company since 31 December 2021 are as follows:

	RM
In respect of the financial year 31 December 2021	
A first interim dividend of RM0.00422 per ordinary share, paid on 30 March 2022	2,496,745
A final dividend of RM0.00493 per ordinary share, approved by the shareholders at the Annual General Meeting held on 15 June 2022, paid on 20 July 2022	2,916,805
	5,413,550

(a) On 17 February 2023, the Company declared an interim dividend of RM0.00249 per ordinary share amounting to RM1,473,177 in respect of the current financial year, payable on 30 March 2023.

(b) A final dividend of RM0.00250 per ordinary share amounting to RM1,479,132 in respect of the current financial year will be proposed for shareholders' approval at the forthcoming 21st Annual General Meeting.

The financial statements for the current financial year do not reflect the interim and final dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

ISSUE OF SHARES AND DEBENTURES

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

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

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*
Dato' Beh Hang Kong, DSIS
Nadhirah binti Abdul Karim
Lim Kim Hoe (Resigned on 01 January 2022)

* *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:

Lim Kim Hoe
Chang Bar Kuei
Dato' Sri Wong Yong Pek
Fu JianGuo
Wong Jy Shyuan
Wong Tack Leong
- Alternate Director of Lim Kim Hoe
- Alternate Director of Tan Sri Dato' Sri Lim Hock San, JP (Appointed on 31 October 2022)
Chew Wee Seong
- Alternate Director of Datuk Wira Lim Hock Guan, JP (Appointed on 31 October 2022)

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 01.01.2022	Bought	Sold	At 31.12.2022
The Company				
Direct interests				
Tan Sri Dato' Sri Lim Hock San	1,076,800	-	-	1,076,800
Datuk Wira Lim Hock Guan	1,520,000	-	-	1,520,000
Datuk Lim Lit Chek	84,574,298	-	-	84,574,298
Dato' Beh Hang Kong	3,239,985	300,000	-	3,539,985
Indirect interests				
Tan Sri Dato' Sri Lim Hock San [1]	347,029,329	-	-	347,029,329
Datuk Wira Lim Hock Guan [1]	347,029,329	-	-	347,029,329
Datuk Lim Lit Chek [2]	1,650,800	-	-	1,650,800
LBS Bina Group Berhad				
Direct interest				
Tan Sri Dato' Sri Lim Hock San	31,714,614	1,571,400	-	33,286,014
Datuk Wira Lim Hock Guan	28,130,444	-	-	28,130,444
Indirect interest				
Tan Sri Dato' Sri Lim Hock San [3]	564,844,019	682,066	-	565,526,085
Datuk Wira Lim Hock Guan [3]	563,400,010	-	-	563,400,010

	Number of Redeemable Convertible Preference Shares			
	At 01.01.2022	Bought	Converted	At 31.12.2022
LBS Bina Group Berhad				
Indirect interest				
Tan Sri Dato' Sri Lim Hock San [3]	158,000	-	-	158,000

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.*

DIRECTORS' INTERESTS IN SHARES (CONT'D)

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' REMUNERATION

The details of the Directors' remuneration paid/payable to the Directors of the Group and of the Company during the financial year are as follows:

	Group RM	Company RM
Executive Directors		
- Salaries and other emoluments	3,357,383	-
- Defined contribution plans	463,180	-
- Social security contributions	3,238	-
	3,823,801	-
Non-Executive Directors		
- Fees	145,200	145,200
- Other emoluments	29,700	29,700
	174,900	174,900
Total	3,998,701	174,900

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 RM70,000,000 and premium of RM114,633 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to 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 the amounts written off for 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.

SUBSEQUENT EVENTS

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

Directors' Report

ULTIMATE HOLDING COMPANY

The Directors regard Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia as the ultimate holding company. During the financial year, Gaterich Sdn. Bhd. has ceased to be the ultimate holding company of the 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 8 to the financial statements.

AUDITORS' REMUNERATION

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

	Group RM	Company RM
Auditors' remuneration		
- Statutory audit	271,085	85,000
- Non-statutory audit	27,500	23,000
	298,585	108,000

AUDITORS

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

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

DATUK WIRA LIM HOCK GUAN

DATUK LIM LIT CHEK

KUALA LUMPUR

14 April 2023

Statement by Directors

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

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

Signed in accordance with a resolution of the Directors,

DATUK WIRA LIM HOCK GUAN

DATUK LIM LIT CHEK

KUALA LUMPUR

14 April 2023

Declaration by the Director Primarily Responsible for the Financial Management of the Company

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 accompanying financial statements 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.

DATUK LIM LIT CHEK

Subscribed and solemnly declared by the abovenamed Datuk Lim Lit Chek at Kuala Lumpur in the Federal Territory this 14 April 2023.

Before me,

NO. W790
ZAINUL ABIDIN BIN AHMAD
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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 119 to 198.

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

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS	HOW WE ADDRESSED THE KEY AUDIT MATTERS
1. Revenue and cost recognition for construction and property development activities	
The Group is 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 obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for construction and property development activities. We checked the reasonableness of the estimated total construction costs and property development costs of projects, by agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, and variation orders with sub-contractors. We verified, the construction and property development costs incurred to date to supporting documents such as sub-contractors' progress claims, invoices from vendors and recalculating the percentage of completion at the reporting date.

Independent Auditors' Report

to the Members of MGB Berhad (Cont'd)
(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 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.	We evaluated the project progress to supporting evidences, on a sample basis to verifying surveyors' certificates, architect certificates and interview with project team. We checked the revenue recognised for construction and property development, by agreeing to supporting documents such as contracts, letter of awards variation orders, and contracted selling price of the property development units. We checked the mathematical accuracy of the revenue and profit based on the percentage of completion calculations.
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, and discount 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. We have challenged the key assumptions employed in the calculation included the discount rate employed and its methodology and constituent inputs. We performed sensitivity analysis on the key inputs 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.

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 (Cont'd)
(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.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

to the Members of MGB Berhad (Cont'd)
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 MATTER

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

TEOH WEI YEIN
Approved Number: 03655/04/2024 J
Chartered Accountant

KUALA LUMPUR

14 April 2023

Statements of Financial Position

as at 31 December 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	21,520,935	23,981,733	50,763	87,409
Right-of-use assets	5	83,032,343	85,597,512	-	-
Intangible assets	6	-	-	-	-
Investment properties	7	38,108,047	38,989,836	-	-
Investment in subsidiary companies	8	-	-	319,000,070	319,000,070
Investment in associate companies	9	433,050	434,964	-	-
Goodwill on consolidation	10	254,694,909	254,694,909	-	-
Deferred tax assets	11	854,342	666,436	-	-
		398,643,626	404,365,390	319,050,833	319,087,479
Current Assets					
Inventories	12	81,259,798	67,431,209	-	-
Contract assets	13	32,421,588	80,742,982	-	-
Trade receivables	14	35,976,159	41,840,982	-	-
Other receivables	15	28,131,318	17,085,763	123,985	423,670
Amount due from subsidiary companies	16	-	-	56,066,532	56,648,935
Amount due from related companies	17	283,575,204	280,433,271	-	-
Amount due from an associate company	18	-	7,200	-	-
Tax recoverable		3,305,946	3,059,504	115,465	153,607
Fixed deposits with licensed banks	19	7,169,744	5,669,801	-	-
Cash held under Housing Development Accounts	20	21,135,814	23,774,651	-	-
Cash and bank balances	20	25,137,791	13,653,502	297,318	71,776
		518,113,362	533,698,865	56,603,300	57,297,988
Total Assets		916,756,988	938,064,255	375,654,133	376,385,467

Statements of Financial Position (Cont'd)

as at 31 December 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Equity and Liabilities					
Equity					
Share capital	21	388,185,706	388,185,706	388,185,706	388,185,706
Reserves	22	2,330,418	2,481,215	-	-
Retained earnings/(accumulated losses)		116,868,698	107,035,062	(34,977,861)	(34,231,807)
Equity attributable to owners of the parent		507,384,822	497,701,983	353,207,845	353,953,899
Non-controlling interests		(698,788)	185,983	-	-
Total Equity		506,686,034	497,887,966	353,207,845	353,953,899
Non-Current Liabilities					
Loans and borrowings	23	44,835,704	17,272,881	-	-
Lease liabilities	24	8,372,834	16,578,851	-	-
Deferred tax liabilities	11	3,233,238	2,714,998	-	-
		56,441,776	36,566,730	-	-
Current Liabilities					
Contract liabilities	13	39,927,009	40,471,014	-	-
Trade payables	25	216,634,368	260,426,798	-	-
Other payables	26	30,241,850	41,781,630	1,054,261	1,085,074
Lease liabilities	24	12,889,742	12,276,702	-	-
Amount due to subsidiary companies	16	-	-	6,392,027	6,346,494
Amount due to immediate holding company	27	13,226	-	-	-
Amount due to related companies	17	5,561,989	5,276,573	-	-
Amount due to an associate company	18	16,552	65,834	-	-
Loans and borrowings	23	47,834,742	40,358,917	15,000,000	15,000,000
Tax payable		509,700	2,952,091	-	-
		353,629,178	403,609,559	22,446,288	22,431,568
Total Liabilities		410,070,954	440,176,289	22,446,288	22,431,568
Total Equity and Liabilities		916,756,988	938,064,255	375,654,133	376,385,467

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 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	28	612,801,214	593,758,902	-	-
Cost of sales	29	(524,103,811)	(496,780,600)	-	-
Gross profit		88,697,403	96,978,302	-	-
Other income		2,296,377	1,895,448	7,282,931	7,928,964
Administrative expenses		(54,198,268)	(49,092,712)	(1,780,043)	(1,092,980)
Net (loss)/gain on impairment of financial assets		(683,451)	58,879	-	-
Other operating expenses		(5,221,749)	(4,573,979)	-	-
Finance costs	30	(5,508,448)	(5,535,585)	(722,795)	(669,115)
Share of profit of associates, net of tax		229,771	247,072	-	-
Profit before tax	31	25,611,635	39,977,425	4,780,093	6,166,869
Taxation	32	(11,400,017)	(13,399,705)	(112,597)	(12,583)
Profit for the financial year, representing total comprehensive income for the financial year		14,211,618	26,577,720	4,667,496	6,154,286
Profit/(loss)for the financial year attributable to:					
Owners of the parent		15,096,389	27,083,568		
Non-controlling interests		(884,771)	(505,848)		
		14,211,618	26,577,720		
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		15,096,389	27,083,568		
Non-controlling interests		(884,771)	(505,848)		
		14,211,618	26,577,720		
Earnings per share					
Basic earnings per share (sen)	33(a)	2.55	5.18		
Diluted earnings per share (sen)	33(b)	2.55	5.18		

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

Statements of Changes in Equity

for the Financial Year Ended 31 December 2022

		Attributable to owners of the parent						
		Non-Distributable						
	Note	Share Capital RM	Asset Revaluation Reserve RM	Other Reserve RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
Group								
At 1 January 2022		388,185,706	4,165,024	(1,683,809)	107,035,062	497,701,983	185,983	497,887,966
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		-	-	-	15,096,389	15,096,389	(884,771)	14,211,618
Realisation of asset revaluation reserve	22(b)	-	(150,797)	-	150,797	-	-	-
Transactions with owners								
Dividends paid	34	-	-	-	(5,413,550)	(5,413,550)	-	(5,413,550)
At 31 December 2022		388,185,706	4,014,227	(1,683,809)	116,868,698	507,384,822	(698,788)	506,686,034

Statements of Changes in Equity (Cont'd)

for the Financial Year Ended 31 December 2022

		← Attributable to owners of the parent →							
		← Non-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 2021									
- as previously reported		327,885,706	60,300,000	4,315,821	(1,683,809)	79,845,640	470,663,358	691,801	471,355,159
- effect of adoption of IFRIC Agenda Decision		-	-	-	-	(44,943)	(44,943)	-	(44,943)
At 1 January 2021 (restated)		327,885,706	60,300,000	4,315,821	(1,683,809)	79,800,697	470,618,415	691,801	471,310,216
Profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year		-	-	-	-	27,083,568	27,083,568	(505,848)	26,577,720
Proceeds from issuance of shares by a subsidiary to a non-controlling interest		-	-	-	-	-	-	30	30
Realisation of asset revaluation reserve	22(b)	-	-	(150,797)	-	150,797	-	-	-
Transactions with owners									
Issuance of ordinary shares pursuant to:									
- conversion of ICPS		60,300,000	(60,300,000)	-	-	-	-	-	-
At 31 December 2021		388,185,706	-	4,165,024	(1,683,809)	107,035,062	497,701,983	185,983	497,887,966

Statements of Changes in Equity (Cont'd)
for the Financial Year Ended 31 December 2022

	Note	Non-Distributable Share Capital RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2022		388,185,706	(34,231,807)	353,953,899
Profit for the financial year, representing total comprehensive income for the financial year		-	4,667,496	4,667,496
Transactions with owners				
Dividends paid	34	-	(5,413,550)	(5,413,550)
At 31 December 2022		388,185,706	(34,977,861)	353,207,845

	← Non-Distributable →			
	Share Capital RM	ICPS RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2021	327,885,706	60,300,000	(40,386,093)	347,799,613
Profit for the financial year, representing total comprehensive income for the financial year	-	-	6,154,286	6,154,286
Transactions with owners				
Issuance of ordinary shares pursuant to:				
- conversion of ICPS	60,300,000	(60,300,000)	-	-
At 31 December 2021	388,185,706	-	(34,231,807)	353,953,899

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

Statements of Cash Flows

for the Financial Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from/(used in) operating activities					
Profit before tax		25,611,635	39,977,425	4,780,093	6,166,869
Adjustments for:					
Amortisation of intangible assets		-	347,177	-	-
Bad debt written off		37,333	-	-	-
Depreciation of:					
- property, plant and equipment		6,880,762	6,579,462	36,646	54,488
- investment properties		881,789	881,787	-	-
- right-of-use assets		7,879,884	7,770,659	-	-
Impairment losses on:					
- trade receivables		715,769	169,293	-	-
- amount due from subsidiary		-	-	-	10,435
- amount due from related companies		40,662	2,601	-	-
- goodwill		44,453	-	-	-
Deposit written off		-	2,500	-	2,500
Loss/(Gain) on disposal of:					
- property, plant and equipment		1,764	35,916	-	-
- an associate company		41,001	-	-	-
- a subsidiary company		(599,738)	-	-	-
Reversal of impairment losses on:					
- trade receivables		(38,665)	(175,546)	-	-
- amount due from related companies		-	(55,227)	-	-
- an associate company		(34,315)	-	-	-
Property, plant and equipment written off		-	1	-	-
Waiver of debts		-	(174,648)	-	-
Interest income		(648,136)	(333,518)	(548,655)	(259,849)
Dividend income		-	-	(6,000,000)	(7,000,000)
Finance costs		5,508,448	5,535,585	722,795	669,115
Share of profit of associates		(229,771)	(247,072)	-	-
Operating profit/(loss) before working capital changes		46,092,875	60,316,395	(1,009,121)	(356,442)

Statements of Cash Flows (Cont'd)

for the Financial Year Ended 31 December 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from/(used in) operating activities (Cont'd)					
Operating profit/(loss) before working capital changes (Cont'd)		46,092,875	60,316,395	(1,009,121)	(356,442)
Change in working capital:					
Inventories		(13,828,589)	(56,602,707)	-	-
Receivables		(3,052,337)	5,027,349	299,685	1,990,555
Payables		(58,540,103)	55,506,424	(30,813)	322,311
Contract assets and contract liabilities		47,777,389	(29,903,307)	-	-
Subsidiary companies		-	-	627,936	(8,407,258)
Related companies		(2,897,179)	57,730,506	-	-
Holding company		13,227	-	-	-
Associate companies		(42,082)	(3,449)	-	-
		(30,569,674)	31,754,816	896,808	(6,094,392)
Cash from/(used in) operations		15,523,201	92,071,211	(112,313)	(6,450,834)
Interest paid		(5,571,724)	(5,763,672)	(722,795)	(663,370)
Interest income		648,136	333,518	684	526
Income tax paid		(13,758,516)	(11,931,170)	(74,455)	(240,817)
		(18,682,104)	(17,361,324)	(796,566)	(903,661)
Net cash (used in)/from operating activities		(3,158,903)	74,709,887	(908,879)	(7,354,495)
Cash flows (used in)/from investing activities					
Net cash outflows from acquisition of a subsidiary company	8(a)	(941,060)	-	-	(70)
Net cash inflows from disposal of a subsidiary company	8(c)	747,571	-	-	-
Proceeds from issuance of shares by a subsidiary to a non-controlling interest		-	30	-	-
Purchase of property, plant and equipment	4(a)	(2,728,498)	(2,271,172)	-	-
Additions in right-of-use asset	5(d)	(742,682)	(1,551,212)	-	-
Proceeds from disposal of:					
- property, plant and equipment		131,868	65,931	-	-
- an associate company		45,000	-	-	-
Interest received		-	-	547,971	259,323
Dividends received from a subsidiary		-	-	6,000,000	7,000,000
Dividends received from an associate		180,000	150,000	-	-
Net cash (used in)/from investing activities		(3,307,801)	(3,606,423)	6,547,971	7,259,253

Statements of Cash Flows (Cont'd)
for the Financial Year Ended 31 December 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from/(used in) financing activities					
Increased of fixed deposits pledged		(1,326,908)	(2,032,962)	-	-
Drawdown of bank borrowings		132,129,552	137,385,904	-	-
Dividend paid		(5,413,550)	-	(5,413,550)	-
Payment of lease liabilities		(12,876,275)	(13,054,404)	-	-
Repayment of bank borrowings		(104,719,906)	(223,665,682)	-	-
Net cash from/(used in) financing activities		7,792,913	(101,367,144)	(5,413,550)	-
Net increase/(decrease) in cash and cash equivalents		1,326,209	(30,263,680)	225,542	(95,242)
Cash and cash equivalents at the beginning of the financial year		32,446,579	62,710,259	71,776	167,018
Cash and cash equivalents at the end of the financial year		33,772,788	32,446,579	297,318	71,776
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		25,137,791	13,653,502	297,318	71,776
Cash held under Housing Development Accounts		21,135,814	23,774,651	-	-
Fixed deposits with licensed banks		7,169,744	5,669,801	-	-
Bank overdrafts		(12,673,852)	(4,981,574)	-	-
		40,769,497	38,116,380	297,318	71,776
Less: Fixed deposits pledged with licensed banks		(6,996,709)	(5,669,801)	-	-
		33,772,788	32,446,579	297,318	71,776

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

Notes to the Financial Statements

31 December 2022

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 H-7, 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 8. 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. During the financial year, Gaterich Sdn. Bhd. has ceased to be the ultimate holding company of the Company.

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 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 MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment- Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract

Annual Improvement to MFRSs Standards 2018 - 2020

- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to MFRS 16
- Amendments to MFRS 141

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

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

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
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – comparative information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investors and its Associates 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:

Satisfaction of performance obligations in relation to contracts with customers

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.

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 and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements: (Cont'd)

<u>Satisfaction of performance obligations in relation to contracts with customers (Cont'd)</u>

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.

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

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:

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

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 8.

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 10.

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 11.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

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.

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, amount 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.

2. BASIS OF PREPARATION (CONT'D)

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

Key sources of estimation uncertainty (Cont'd)

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 2022, the Group and the Company have tax recoverable and payable of RM3,305,946 and RM115,465 (2021: RM3,059,504 and RM153,607) and RM509,700 and RMNil (2021: RM2,952,091 and RMNil) respectively.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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(o)(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.

(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(o)(i) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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(o)(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency transactions and balances (Cont'd)

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(o)(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(iii) Depreciation (Cont'd)

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) 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.

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(o)(i) on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(i) As lessee (Cont'd)

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
Sales gallery	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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) 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% (2021: 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(o)(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.

(g) 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(o)(i) on impairment of non-financial assets for intangible assets.

(h) 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)

(h) 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)

(h) Financial assets (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.

(i) 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 expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as 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.

(j) 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*.

(k) 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)

(l) 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 a 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

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).

(n) 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.

(o) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

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.

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.

(p) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Share capital (Cont'd)

(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.

(q) 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.

(r) 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.

(s) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowing costs (Cont'd)

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.

(t) 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.

(u) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(a) Revenue from construction contracts (Cont'd)

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*.

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) 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.

(w) 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.

(x) 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.

Notes to the Financial Statements
31 December 2022

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					
2022					
Cost					
At 1 January	35,139,875	6,735,735	13,318,729	1,710,128	56,904,467
Additions	3,308,437	900,229	7,515	4,750	4,220,931
Disposals	(593,278)	-	-	(200,253)	(793,531)
Transfer from right-of-use assets	1,891,370	-	-	879,569	2,770,939
Transfer to right-of-use assets	(474,058)	-	-	-	(474,058)
At 31 December	39,272,346	7,635,964	13,326,244	2,394,194	62,628,748
Accumulated depreciation					
At 1 January	21,286,668	4,595,258	5,587,838	1,452,970	32,922,734
Charge for the financial year	4,280,432	670,311	1,773,177	156,842	6,880,762
Disposals	(466,314)	-	-	(193,585)	(659,899)
Transfer from right-of-use assets	1,194,522	-	-	879,562	2,074,084
Transfer to right-of-use assets	(109,868)	-	-	-	(109,868)
At 31 December	26,185,440	5,265,569	7,361,015	2,295,789	41,107,813
Carrying amount					
At 31 December	13,086,906	2,370,395	5,965,229	98,405	21,520,935

Notes to the Financial Statements
31 December 2022

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

	At Cost				
	Plant, Machinery and Equipment RM	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Motor Vehicles RM	Total RM
Group					
2021					
Cost					
At 1 January	27,995,553	6,301,368	12,174,172	984,485	47,455,578
Additions	1,760,168	464,753	1,487,934	-	3,712,855
Disposals	(691,863)	(30,386)	-	(81,908)	(804,157)
Transfer from right-of-use assets	9,289,038	-	-	909,401	10,198,439
Transfer to right-of-use assets	(3,213,021)	-	-	(100,000)	(3,313,021)
Written off	-	-	-	(1,850)	(1,850)
Reclassification	-	-	(343,377)	-	(343,377)
At 31 December	35,139,875	6,735,735	13,318,729	1,710,128	56,904,467
Accumulated depreciation					
At 1 January	13,938,401	3,955,061	3,906,829	475,513	22,275,804
Charge for the financial year	4,058,584	669,719	1,681,009	170,150	6,579,462
Disposals	(590,881)	(29,522)	-	(81,907)	(702,310)
Transfer from right-of-use assets	3,942,266	-	-	909,396	4,851,662
Transfer to right-of-use assets	(61,702)	-	-	(18,333)	(80,035)
Written off	-	-	-	(1,849)	(1,849)
At 31 December	21,286,668	4,595,258	5,587,838	1,452,970	32,922,734
Carrying amount					
At 31 December	13,853,207	2,140,477	7,730,891	257,158	23,981,733

Notes to the Financial Statements
31 December 2022

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

	At Cost		
	Furniture, Fittings and Office Equipment RM	Electrical Installation and Renovation RM	Total RM
Company			
2022			
Cost			
At 1 January/31 December	683,336	247,328	930,664
Accumulated depreciation			
At 1 January	671,420	171,835	843,255
Charge for the financial year	11,912	24,734	36,646
At 31 December	683,332	196,569	879,901
Carrying amount			
At 31 December	4	50,759	50,763
2021			
Cost			
At 1 January/31 December	683,336	247,328	930,664
Accumulated depreciation			
At 1 January	641,665	147,102	788,767
Charge for the financial year	29,755	24,733	54,488
At 31 December	671,420	171,835	843,255
Carrying amount			
At 31 December	11,916	75,493	87,409

(a) The aggregate additional costs for the property, plant and equipment of the Group under other payables and cash payments are as follows:

	Group	
	2022 RM	2021 RM
Aggregate costs	4,220,931	3,712,855
Less: Other payables	(1,492,433)	(1,441,683)
Cash payments	2,728,498	2,271,172

Notes to the Financial Statements
31 December 2022

5. RIGHT-OF-USE ASSETS

	At Valuation	At Cost						
	Leasehold Land and Buildings	Renovation	Hostel	Sales Gallery	Computer	Plant, Machinery and Equipment	Motor Vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2022								
Cost/Valuation								
At 1 January	41,662,005	5,940	110,075	237,983	1,298,076	63,376,574	4,997,735	111,688,388
Additions	-	-	108,062	-	-	4,294,708	1,244,610	5,647,380
Transfer from property, plant and equipment	-	-	-	-	-	474,058	-	474,058
Transfer to property, plant and equipment	-	-	-	-	-	(1,891,370)	(879,569)	(2,770,939)
At 31 December	41,662,005	5,940	218,137	237,983	1,298,076	66,253,970	5,362,776	115,038,887
Accumulated depreciation								
At 1 January	7,680,453	2,526	110,075	19,832	519,230	12,790,577	3,578,351	24,701,044
Charge for the financial year	1,113,419	742	20,787	79,328	259,615	5,653,106	752,887	7,879,884
Transfer from property, plant and equipment	-	-	-	-	-	109,868	-	109,868
Transfer to property, plant and equipment	-	-	-	-	-	(1,194,522)	(879,562)	(2,074,084)
At 31 December	8,793,872	3,268	130,862	99,160	778,845	17,359,029	3,451,676	30,616,712
Accumulated impairment losses								
At 1 January/31 December	1,389,832	-	-	-	-	-	-	1,389,832
Carrying amount								
At 31 December	31,478,301	2,672	87,275	138,823	519,231	48,894,941	1,911,100	83,032,343

Notes to the Financial Statements
31 December 2022

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

	At Valuation	At Cost						
	Leasehold Land and Buildings	Renovation	Hostel	Sales Gallery	Computer	Plant, Machinery and Equipment	Motor Vehicles	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Group								
2021								
Cost/Valuation								
At 1 January	41,662,005	5,940	110,075	282,117	1,298,076	61,717,169	5,617,805	110,693,187
Additions	-	-	-	237,983	-	7,735,422	189,331	8,162,736
Transfer from property, plant and equipment	-	-	-	-	-	3,213,021	100,000	3,313,021
Transfer to property, plant and equipment	-	-	-	-	-	(9,289,038)	(909,401)	(10,198,439)
Derecognition	-	-	-	(282,117)	-	-	-	(282,117)
At 31 December	41,662,005	5,940	110,075	237,983	1,298,076	63,376,574	4,997,735	111,688,388
Accumulated depreciation								
At 1 January	6,567,034	1,784	98,887	282,117	259,615	11,183,269	3,591,423	21,984,129
Charge for the financial year	1,113,419	742	11,188	19,832	259,615	5,487,872	877,991	7,770,659
Transfer from property, plant and equipment	-	-	-	-	-	61,702	18,333	80,035
Transfer to property, plant and equipment	-	-	-	-	-	(3,942,266)	(909,396)	(4,851,662)
Derecognition	-	-	-	(282,117)	-	-	-	(282,117)
At 31 December	7,680,453	2,526	110,075	19,832	519,230	12,790,577	3,578,351	24,701,044
Accumulated impairment losses								
At 1 January/31 December	1,389,832	-	-	-	-	-	-	1,389,832
Carrying amount								
At 31 December	32,591,720	3,414	-	218,151	778,846	50,585,997	1,419,384	85,597,512

Notes to the Financial Statements
31 December 2022

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

(a) The Group had entered into one (2021: one) non-cancellable operating lease agreement for the use of sales gallery (2021: 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 2022, leasehold land and buildings with carrying amount of RM29,455,372 (2021: RM30,525,580) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23.

(c) The net carrying amount of right-of-use assets of the Group acquired under lease arrangement are as follows:

	Group	
	2022 RM	2021 RM
Motor vehicles	1,911,100	1,419,384
Plant and machinery	48,894,942	50,585,997
Computer	519,231	778,846
	51,325,273	52,784,227

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 lease financing, other payables and cash payments are as follows:

	Group	
	2022 RM	2021 RM
Aggregate costs	5,647,380	8,162,736
Less: Lease financing	(5,283,298)	(9,343,419)
Add: Other payables	378,600	2,731,895
Cash payments	742,682	1,551,212

(e) As at 31 December 2022, the remaining period of leasehold land and buildings are 23 to 92 (2021: 24 to 93) years.

(f) In the previous financial year, the leasehold land and building of the Group were revalued by Raine & Home 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 2022, had the leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the carrying amount would have been RM28,436,838 (2021: RM29,225,277).

Notes to the Financial Statements
31 December 2022

6. INTANGIBLE ASSETS

	Group 2022 RM	Group 2021 RM
Cost		
At 1 January/31 December	10,732,993	10,732,993
Accumulated amortisation		
At 1 January	10,732,993	10,385,816
Charge for the financial year	-	347,177
At 31 December	10,732,993	10,732,993
Carrying amount		
At 31 December	-	-

7. INVESTMENT PROPERTIES

	Group 2022 RM	Group 2021 RM
Leasehold land and buildings		
Cost		
At 1 January/31 December	44,089,373	44,089,373
Accumulated depreciation		
At 1 January	5,099,537	4,217,750
Charge for the financial year	881,789	881,787
At 31 December	5,981,326	5,099,537
Carrying amount		
At 31 December	38,108,047	38,989,836
Fair value		
At 31 December	40,172,800	40,172,800

(a) Investment properties of the Group with carrying amount of RM30,942,266 (2021: RM31,672,905) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23.

(b) Investment properties of the Group are leasehold properties with remaining lease periods range from 67 to 95 (2021: 68 to 96) years.

7. INVESTMENT PROPERTIES (CONT'D)

(c) In previous financial year, fair value of investment properties was arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers. The fair value are within level of the fair value hierarchy.

During the year, the fair values of the investment properties was assessed by the management at the end of the reporting date using the sales comparison approach based on recent transaction of comparable properties and comparable properties that were listed for sale. The most significant input into this valuation approach is price per square feet of comparable properties.

There were no changes in the fair value of the investment properties during current and previous financial year.

There were no transfers between levels during current and previous financial year.

(d) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022 RM	2021 RM
Rental income	166,732	27,721
Direct operating expenses:		
- Income generating investment properties	26,284	21,462
- Non-Income generating investment properties	134,755	143,164

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Group	
	2022 RM	2021 RM
Unquoted shares, at cost		
In Malaysia	380,977,123	380,977,053
Add: Additional investment in a subsidiary company	-	70
Less: Accumulated impairment losses	(61,977,053)	(61,977,053)
	319,000,070	319,000,070

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

	Group	
	2022 RM	2021 RM
At 1 January/31 December	61,977,053	61,977,053

Notes to the Financial Statements
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8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follow:

Name of company	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Direct Holding:				
MGB Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering, design and build and general construction activities, provision of management services and investment holding
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, management consultancy activities and investment holding
Alunan Warta Sdn. Bhd.	Malaysia	51	51	Dormant
MGB Water Solution Sdn. Bhd.	Malaysia	70	70	Dormant
Indirect Holding:				
Subsidiary companies of MGBCE				
Prisma Craft Sdn. Bhd.	Malaysia	-	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
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. ("IKSB")	Malaysia	100	100	Property development
Idaman Aktif Sdn. Bhd. ("IASB")	Malaysia	100	100	Property development
Idaman Elegan Sdn. Bhd. ("IESB")	Malaysia	100	100	Dormant
Idaman Living Sdn. Bhd. ("ILSB")	Malaysia	100	100	Property development
Idaman Rawang Sdn. Bhd. ("IRSB")	Malaysia	100	-	Dormant
Retro Court Sdn. Bhd. ("RCSB")	Malaysia	100	-	Dormant
Subsidiary companies of MGB Construction Sdn. Bhd.				
MGB International For Industry ("MII") *	Kingdom of Saudi Arabia	100	-	Dormant

* *Incorporated in November 2022, no audit is required during the financial year*

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Acquisition of a subsidiary company

2022

On 25 July 2022, MGB Land Sdn. Bhd., a wholly-owned subsidiary company of the Company, acquired one million (1,000,000) ordinary shares representing 100% equity interest in Retro Court Sdn. Bhd. ("RCSB") for a total cash consideration of Ringgit Malaysia nine hundred and seventy-three thousand (RM973,000) only. Consequently, RCSB became an indirect wholly-owned subsidiary company of the Company.

The effect of the acquisition on the financial results of the Group in respect of the financial year is as follows:

	RM
Administratrive and operating expenses, representing total comprehensive loss for the financial year	(4)
Loss for the financial year attributable to owners of the parent	(4)

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, the acquired subsidiary company has contributed loss of RM4 to the Group for the financial year. If the business combination had taken place at the beginning of the financial year, the Group's loss for the financial year would have been increased by RM43,927.

The following summaries the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

Fair value of identifiable assets acquired and liabilities assumed

	RM
Trade and other receivables	3,000,320
Cash and bank balances	31,940
Trade and other payables	(2,103,713)
Total identifiable assets and liabilities	928,547

Net cash outflows arising from the acquisition of subsidiary company

	RM
Purchase consideration satisfied by cash	973,000
Less: Cash and bank balances acquired	(31,940)
Net cash outflows from the acquisition of a subsidiary	941,060

Goodwill arising from business combination

	Note	RM
Fair value of consideration transferred		973,000
Fair value of identifiable assets acquired and liabilities assumed		(928,547)
Goodwill on consolidation	10	44,453

The goodwill recognised arising from the acquisition is attributable mainly to the synergies expected to be achieved from integrating the subsidiary into the Group's property development business.

Notes to the Financial Statements
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8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Incorporation of subsidiary companies

2022

On 14 March 2022, MGB Land Sdn. Bhd., a wholly-owned subsidiary company of the Company, had subscribed one (1) ordinary share in Idaman Rawang Sdn. Bhd. ("IRSB") for a total cash consideration of Ringgit Malaysia One (RM1) only. Consequently, IRSB became an indirect wholly-owned subsidiary company of the Company.

On 7 November 2022, MGB Construction Sdn. Bhd., a wholly-owned subsidiary company of the Company, had subscribed twelve thousand and five hundred (12,500) ordinary shares of Saudi Riyal ten (SAR10) for each share in MGB International for Industry ("MII"), a Limited Liability Company in Kingdom of Saudi Arabia, for a total cash consideration of Saudi Riyal one hundred and twenty-five thousand (SAR125,000) (approximately Ringgit Malaysia one hundred and forty-five thousand nine hundred five (RM145,905)) only. Consequently, MII became an indirect wholly-owned subsidiary company of the Company.

2021

On 6 December 2021, the Company had subscribed seventy (70) ordinary shares in MGB Water Solution Sdn. Bhd. ("MWSB") for a total cash consideration of Ringgit Malaysia Seventy (RM70) only. Consequently, MWSB became a 70% owned subsidiary company of the Company.

(c) Disposal of a subsidiary company

2022

On 3 January 2022, MGBCE, a wholly-owned subsidiary company of the Company, has entered into Share Sales Agreement with a third party for the disposal of all the equity interest in Prisma Craft Sdn. Bhd. ("PCSB"), for a cash consideration of Ringgit Malaysia Seven Hundred and Fifty Thousand (RM750,000.00) only. Consequently, PCSB has ceased to be an indirect wholly-owned subsidiary company of the Company.

The effect of the disposal of PCSB on the financial position of the Group at the date of disposal was as follows:

Fair value of identifiable assets acquired and liabilities assumed

	RM
Other receivables	157,488
Cash and bank balances	2,429
Other payables	(9,655)
Total net assets disposed	150,262
Gain on disposal	599,738
Less: Cash and cash balances disposed	(2,429)
Net cash inflows from disposal	747,571

(d) 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.

(e) 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.

Notes to the Financial Statements
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9. INVESTMENT IN ASSOCIATE COMPANIES

	Group 2022 RM	Group 2021 RM
At cost		
Arising from acquisition of associates		
- unquoted shares in Malaysia	15,000	60,000
- share of post acquisition reserve	368,279	312,207
	383,279	372,207
Share of current year profit	229,771	267,257
Share of prior years loss not recognised	-	(20,185)
Less: Dividend received	(180,000)	(150,000)
Less: Accumulated impairment losses	-	(34,315)
	433,050	434,964

Movements in the allowance for impairment losses of investment in associates are as follows:

	Group 2022 RM	Group 2021 RM
At 1 January	34,315	34,315
Less: Impairment loss reversed	(34,315)	-
At 31 December	-	34,315

Details of the associates are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Associates of MGBCE				
YLT Consultancy Sdn. Bhd. *	Malaysia	-	30	Engineering consultancy services
MGB JPC Consultancy Sdn. Bhd.	Malaysia	30	30	Engineering consultancy services

* *Associate not audited by UHY*

Disposal of an associate company

2022

On 23 February 2022, MGBCE, a wholly-owned subsidiary company of the Company, has entered into Share Sales Agreement with a third party for the disposal of all the equity interest in YLT Consultancy Sdn. Bhd. ("YLT") for a cash consideration of Ringgit Malaysia Forty Five Thousand (RM45,000.00) only. Consequently, YLT has ceased to be an associate company of MGBCE.

Notes to the Financial Statements
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9. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

Disposal of an associate company (Cont'd)

2022 (Cont'd)

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	
	2022 RM	2021 RM
Assets and liabilities		
Non-current assets	117,136	1,090,339
Current assets	1,677,314	1,685,523
Total assets	1,794,450	2,775,862
Non-current liabilities	(36,846)	(739,188)
Current liabilities	(314,105)	(472,409)
Total net assets	1,443,499	1,564,265

(b) Summarised statements of profit or loss and other comprehensive income

	Group	
	2022 RM	2021 RM
Revenue	2,679,565	2,505,141
Profit before tax	946,650	1,057,433
Taxation	(180,747)	(166,577)
Profit for the financial year	765,903	890,856

10. GOODWILL ON CONSOLIDATION

		Group	
	Note	2022 RM	2021 RM
At 1 January		254,694,909	254,694,909
Addition through business combination	8(a)	44,453	-
		254,739,362	254,694,909
Less: Impairment		(44,453)	-
At 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.

10. GOODWILL ON CONSOLIDATION (CONT'D)

(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 three (3) to five (5) years period.

(ii) The growth rate based on past results and budgets done by management.

(iii) Pre-tax discount rate of 10% (2021: 5.7%) 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.

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.

(c) Impairment loss recognised the financial year

The Group recognised an impairment loss of RM44,453 (2021: NIL) during the financial year as the recoverable amounts were lower than carrying amount of the goodwill.

11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January				
- as previously stated	(2,048,562)	(2,182,283)	-	-
- effect of adoption of IFRIC Agenda Decision	-	(112,851)	-	-
At 1 January (restated)	(2,048,562)	(2,295,134)	-	-
Recognised in profit or loss	(249,234)	(82,741)	-	-
(Under)/Over provision in prior years	(81,100)	329,313	-	-
At 31 December	(2,378,896)	(2,048,562)	-	-

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax assets	854,342	666,436	-	-
Deferred tax liabilities	(3,233,238)	(2,714,998)	-	-
	(2,378,896)	(2,048,562)	-	-

Notes to the Financial Statements
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11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows:

	Unutilised capital allowances RM	Unused tax losses RM	Others RM	Total RM
Group				
2022				
Deferred tax assets				
At 1 January	4,653,919	1,225,216	162,624	6,041,759
Recognised in profit or loss	1,499,092	113,000	350,563	1,962,655
(Over)/Under provision in prior years	(368,291)	(604,879)	47,821	(925,349)
At 31 December (before offsetting)	5,784,720	733,337	561,008	7,079,065
Offsetting				(6,224,723)
At 31 December (after offsetting)				854,342
2021				
At 1 January				
- as previously stated	3,623,603	717,986	171,422	4,513,011
- effect of adoption of IFRIC Agenda Decision	-	(398)	(112,453)	(112,851)
At 1 January (restated)	3,623,603	715,588	58,969	4,400,160
Recognised in profit or loss	1,158,573	72,801	120,808	1,352,182
(Over)/Under provision in prior years	(128,257)	434,827	(17,153)	289,417
At 31 December (before offsetting)	4,653,919	1,225,216	162,624	6,041,759
Offsetting				(5,375,323)
At 31 December (after offsetting)				666,436

	Accelerated capital allowances RM	Revaluation of assets RM	Intangible assets and others RM	Total RM
Group				
2022				
Deferred tax liabilities				
At 1 January	(6,682,055)	(1,296,430)	(111,836)	(8,090,321)
Recognised in profit or loss	(2,263,886)	-	610	(2,263,276)
Crystallisation of deferred tax	-	51,387	-	51,387
Over provision in prior years	733,023	-	111,226	844,249
At 31 December (before offsetting)	(8,212,918)	(1,245,043)	-	(9,457,961)
Offsetting				6,224,723
At 31 December (after offsetting)				(3,233,238)
2021				
At 1 January	(5,264,153)	(1,347,818)	(83,323)	(6,695,294)
Recognised in profit or loss	(1,459,363)	-	(26,948)	(1,486,311)
Crystallisation of deferred tax	-	51,388	-	51,388
Over/(Under) provision in prior years	41,461	-	(1,565)	39,896
At 31 December (before offsetting)	(6,682,055)	(1,296,430)	(111,836)	(8,090,321)
Offsetting				5,375,323
At 31 December (after offsetting)				(2,714,998)

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31 December 2022

11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of deferred tax liabilities and assets are as follows: (Cont'd)

	Unutilised capital allowances RM
Company	
2022	
Deferred tax assets	
At 1 January	2,329
Recognised in profit or loss	(1,972)
At 31 December (before offsetting)	357
Offsetting	(357)
At 31 December (after offsetting)	-
2021	
At 1 January	7,700
Recognised in profit or loss	(6,064)
Under provision in prior years	693
At 31 December (before offsetting)	2,329
Offsetting	(2,329)
At 31 December (after offsetting)	-
2022	
Deferred tax liabilities	
At 1 January	(2,329)
Recognised in profit or loss	1,972
At 31 December (before offsetting)	(357)
Offsetting	357
At 31 December (after offsetting)	-
2021	
At 1 January	(7,700)
Recognised in profit or loss	6,064
Under provision in prior years	(693)
At 31 December (before offsetting)	(2,329)
Offsetting	2,329
At 31 December (after offsetting)	-

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11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised capital allowances	10,722,684	8,139,454	199,488	191,271
Unused tax losses	25,257,360	21,575,783	2,665,557	2,665,557
	35,980,044	29,715,237	2,865,045	2,856,828

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 subsidiaries that have a recent history of losses.

12. INVENTORIES

	Note	Group 2022 RM	Group 2021 RM
Property development costs	(a)	76,876,716	60,953,861
Completed properties	(b)	1,991,994	2,581,068
Other inventories	(c)	2,391,088	3,896,280
		81,259,798	67,431,209

(a) Property development costs

	Group 2022 RM	Group 2021 RM
Development lands, at cost		
At 1 January	50,651,271	24,941,742
Additions	228,432	45,145,950
Transfer to property development cost	(1,481,011)	-
Completed development units	-	(19,436,421)
At 31 December	49,398,692	50,651,271
Cumulative property development costs		
At 1 January		
- as previously stated	10,302,590	50,771,985
- effect of adoption of IFRIC Agenda Decision	-	(1,451,835)
At 1 January (restated)	10,302,590	49,320,150
Additions	35,804,775	20,545,030
Transfer from land cost	1,481,011	-
Completed development units	-	(59,562,590)
At 31 December	47,588,376	10,302,590

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12. INVENTORIES (CONT'D)

(a) Property development costs (Cont'd)

	Group	
	2022 RM	2021 RM
Cumulative cost recognised in profit or loss		
At 1 January		
- as previously stated	-	70,487,436
- effect of adoption of IFRIC Agenda Decision	-	(1,584,439)
At 1 January (restated)	-	68,902,997
Additions	20,110,352	10,096,014
Completed development units	-	(78,999,011)
At 31 December	20,110,352	-
Carrying amount		
At 31 December	76,876,716	60,953,861

Included in property development costs incurred during the financial year are as follows:

	2022 RM	2021 RM
Sale commissions	857,065	887,216
Finance costs	344,143	-

The development lands have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23.

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.

(b) Completed properties

	Group	
	2022 RM	2021 RM
At cost		
At 1 January		
- as previously stated	2,581,068	2,807,985
- effect of adoption of IFRIC Agenda Decision	-	(64,696)
At 1 January (restated)	2,581,068	2,743,289
Recognised during the year	(589,074)	(162,221)
At 31 December	1,991,994	2,581,068

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12. INVENTORIES (CONT'D)

(c) Other inventories

	Group	
	2022 RM	2021 RM
At cost		
Raw materials	1,736,236	3,097,502
Spare parts and consumables	654,852	798,778
	2,391,088	3,896,280
Recognised in profit or loss		
Inventories recognised as cost of sales	15,993,982	13,361,052

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:

		Group	
	Note	2022 RM	2021 RM
Contract assets			
Construction activities	(a)	26,541,749	80,742,982
Property development activities	(b)	5,879,839	-
		32,421,588	80,742,982
Contract liabilities			
Construction activities	(a)	(39,927,009)	(40,471,014)

(a) Construction activities

	Group	
	2022 RM	2021 RM
Contract costs incurred to-date	3,614,033,007	3,189,226,389
Attributable profits	467,410,556	395,621,124
	4,081,443,563	3,584,847,513
Less: Progress billings	(4,094,671,659)	(3,544,418,381)
Less: Accumulated impairment losses	(157,164)	(157,164)
	(13,385,260)	40,271,968
Presented as:		
Contract assets	26,541,749	80,742,982
Contract liabilities	(39,927,009)	(40,471,014)
	(13,385,260)	40,271,968

Notes to the Financial Statements
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13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Construction activities (Cont'd)

Movements in the allowance for impairment losses of contract assets are as follows:

	Group	
	2022 RM	2021 RM
At 1 January/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.

(b) Property development activities

	Group	
	2022 RM	2021 RM
At 1 January	-	28,323,065
Property development revenue recognised during the financial year	23,808,915	16,807,049
Less: Progress billings	(17,929,076)	(45,130,114)
At 31 December	5,879,839	-
Presented as:		
Contract assets	5,879,839	-

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	
	2022 RM	2021 RM
Trade receivables	36,029,214	34,572,788
Retention sum receivables	824,738	7,607,037
	36,853,952	42,179,825
Less: Accumulated impairment losses	(877,793)	(338,843)
	35,976,159	41,840,982

14. TRADE RECEIVABLES (CONT'D)

The Group's normal trade credit terms are generally from 14 to 180 days (2021: 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.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Total allowance RM
Group			
2022			
At 1 January	135,906	202,937	338,843
Impairment losses recognised	-	715,769	715,769
Impairment losses reversed	(36,737)	(1,928)	(38,665)
Written off	-	(138,154)	(138,154)
At 31 December	99,169	778,624	877,793
2021			
At 1 January	310,355	34,741	345,096
Impairment losses recognised	1,097	168,196	169,293
Impairment losses reversed	(175,546)	-	(175,546)
At 31 December	135,906	202,937	338,843

Impairment losses reversed during the financial year amounting to RM38,665 (2021: RM175,546) pertains to previously impaired receivables no longer required during the financial year.

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			
2022			
Not past due	17,921,877	(563)	17,921,314
Past due			
Less than 30 days	1,162,077	(683)	1,161,394
31 to 60 days	2,280,675	(2,012)	2,278,663
61 to 90 days	1,488,464	(1,750)	1,486,714
More than 90 days	13,222,235	(94,161)	13,128,074
	18,153,451	(98,606)	18,054,845
Credit impaired			
Individually impaired	778,624	(778,624)	-
	36,853,952	(877,793)	35,976,159

14. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2021			
Not past due	26,683,177	(10,321)	26,672,856
Past due			
Less than 30 days	1,415,555	(832)	1,414,723
31 to 60 days	220,446	(194)	220,252
61 to 90 days	91,599	(108)	91,491
More than 90 days	13,566,111	(124,451)	13,441,660
	15,293,711	(125,585)	15,168,126
Credit impaired			
Individually impaired	202,937	(202,937)	-
	42,179,825	(338,843)	41,840,982

Trade receivables that are not past due are creditworthy receivables with good payment records with the Group.

At 31 December 2022, trade receivables of RM18,054,845 (2021: RM15,168,126) 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 RM778,624 (2021: RM202,937), 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Other receivables	9,317,672	2,094,527	50,400	50,400
Less: Accumulated impairment losses	(1,146,357)	(1,146,357)	-	-
	8,171,315	948,170	50,400	50,400
Deposits				
- Third parties	11,959,072	9,549,938	22,000	322,000
- Related party	35,200	35,000	-	-
Prepayments	7,631,688	6,218,612	1,587	1,272
GST receivables	334,043	334,043	49,998	49,998
	28,131,318	17,085,763	123,985	423,670

15. OTHER RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2022 RM	2021 RM
At 1 January/31 December	1,146,357	1,146,357

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 RM5,500,000 (2021: RM5,500,000) represents deposits paid for joint development of lands.

16. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2022 RM	2021 RM
Amount due from subsidiary companies		
Non-trade related		
Non-interest bearing	20,662,785	20,523,850
Interest bearing	47,248,372	47,969,710
	67,911,157	68,493,560
Less: Accumulated impairment losses	(11,844,625)	(11,844,625)
	56,066,532	56,648,935
Amount due to subsidiary companies		
Non-trade related		
Non-interest bearing	(6,392,027)	(6,346,494)

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

	Company	
	2022 RM	2021 RM
At 1 January	11,844,625	11,834,190
Impairment losses recognised	-	10,435
At 31 December	11,844,625	11,844,625

Amount due from subsidiary companies are unsecured, non-interest bearing advances and repayable on demand except for an amount of RM47,248,372 (2021: RM47,969,710) which bears interest at a rate at 1.70% to 2.40% (2021: 1.70%) per annum.

Amount due to subsidiary companies are unsecured, non-interest bearing advances and repayable on demand.

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17. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Company	
	2022 RM	2021 RM
Amount due from related companies		
Trade related		
Non-interest bearing	200,233,736	166,995,210
Retention sum receivables	83,536,584	113,557,333
	283,770,320	280,552,543
Less: Accumulated impairment losses	(197,395)	(156,733)
	283,572,925	280,395,810
Non-trade related		
Non-interest bearing	2,279	37,461
	283,575,204	280,433,271
Amount due to related companies		
Trade related		
Non-interest bearing	(5,333,794)	(5,189,679)
Non-trade related		
Interest bearing	(228,195)	(86,894)
	(5,561,989)	(5,276,573)

Movements in the allowance for impairment losses of amount due from related companies are as follows:

	Group	
	2022 RM	2021 RM
At 1 January	156,733	209,359
Impairment losses recognised	40,662	2,601
Impairment losses reversed	-	(55,227)
At 31 December	197,395	156,733

Amount due to related companies are unsecured and repayable on demand.

In the previous financial year, impairment losses reversed amounting to RM55,227 pertains to previously impaired receivables no longer required in the previous financial year.

18. AMOUNTS DUE FROM/(TO) AN ASSOCIATE COMPANY

Amounts due from/(to) an associate company 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 1.45% to 2.65% (2021: 1.45% to 1.85%) per annum and the maturity of deposits is 30 days to 365 days (2021: 30 days to 365 days).

The fixed deposits of the Group amounting to RM6,996,709 (2021: RM5,669,801) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23.

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 1.30% to 1.70% (2021: 0.35% to 1.20%) per annum.

21. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2022 Units	2021 Units	2022 RM	2021 RM
Issued and fully paid Ordinary shares				
At 1 January	591,652,605	501,652,605	388,185,706	327,885,706
Issued during the financial year	-	90,000,000	-	60,300,000
At 31 December	591,652,605	591,652,605	388,185,706	388,185,706
Irredeemable Convertible Preference Shares ("ICPS")				
At 1 January	-	90,000,000	-	60,300,000
Conversion during the financial year	-	(90,000,000)	-	(60,300,000)
At 31 December	-	-	-	-
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 501,652,605 to 591,652,605 by way of conversion of 90,000,000 ICPS into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

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.

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21. SHARE CAPITAL (CONT'D)

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.

(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.

In previous financial year, a total of 90,000,000 ICPS were converted into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

22. RESERVES

	Note	2022 RM	2021 RM
Group			
Non-distributable			
Other reserve	(a)	(1,683,809)	(1,683,809)
Asset revaluation reserve	(b)	4,014,227	4,165,024
		2,330,418	2,481,215

(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) 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	
	2022 RM	2021 RM
At 1 January	4,165,024	4,315,821
Realisation of revaluation reserve of leasehold land and buildings	(150,797)	(150,797)
At 31 December	4,014,227	4,165,024

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23. LOANS AND BORROWINGS

		Group		Company	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
Secured					
Floating rate					
Bank overdrafts	(a)	12,673,852	4,981,574	-	-
Term loans	(b)	51,077,207	19,648,770	-	-
Trade services	(c)	3,519,387	12,566,677	-	-
Revolving credits	(d)	25,400,000	20,434,777	15,000,000	15,000,000
		92,670,446	57,631,798	15,000,000	15,000,000
Current					
Bank overdrafts	(a)	12,673,852	4,981,574	-	-
Term loans	(b)	6,241,503	2,375,889	-	-
Trade services	(c)	3,519,387	12,566,677	-	-
Revolving credits	(d)	25,400,000	20,434,777	15,000,000	15,000,000
		47,834,742	40,358,917	15,000,000	15,000,000
Non-current					
Term loans	(b)	44,835,704	17,272,881	-	-
		44,835,704	17,272,881	-	-
		92,670,446	57,631,798	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) corporate guaranteed by the Company; and
(iv) 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 charge on the freehold and leasehold development lands as disclosed in Note 12(a);
(iv) all monies specific debenture and power of attorney over fixed and floating charge over the project developed by subsidiary companies;
(v) legal assignment of cash flows or insurance proceeds in relation to project developed by subsidiary companies;
(vi) corporate guaranteed by the Company and subsidiary company;
(vii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad;

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23. LOANS AND BORROWINGS (CONT'D)

(b) Term loans (Cont'd)

The term loans are secured by the following: (Cont'd)

(viii) pledge of fixed deposit together with interest accrued thereon vide Memorandum of Charge of Money Deposits;
(ix) deed of assignment of the contract proceeds;
(x) all monies charge over cash deposit for owing or payable under facilities;
(xi) specific assets debenture incorporating a fixed and floating charge for all monies owing or payable over all present and future assets of a related company pertaining to project developed by subsidiary companies; and
(xii) deed of assignment of rental income proceeds (if any).

(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;
(iii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad;
(iv) corporate guaranteed by the Company and subsidiary company;
(v) deed of assignment of rental income proceeds (if any); and
(vi) a fixed charge over all payments or deposit from time to time paid or deposited into the designated collections account, sinking fund account and other account.

(d) Revolving credits

The revolving credits are secured by the following:

(i) fixed charge on certain investment properties as disclosed in Note 7(a);
(ii) corporate guaranteed by the Company and subsidiary company;
(iii) corporate guaranteed by immediate holding company, LBS Bina Group Bhd;
(iv) deed of assignment of rental income proceeds (if any); and
(v) irrevocable letter of undertaking provided to solicitor to channel all stakeholder sums of the project developed by a subsidiary company into designated escrow account upon due.

The average effective interest rates per annum at the end of the reporting period are as follows:

	Group	
	2022	2021
	%	%
Bank overdrafts	6.44	5.47
Term loans	6.24	4.26
Trade services	6.62	6.26
Revolving credits	5.28	4.30

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24. LEASE LIABILITIES

	2022 RM	2021 RM
At 1 January	28,855,553	32,517,651
Additions	5,283,298	9,392,306
Interest expense recognised in profit or loss	1,459,852	1,895,383
Payments	(14,336,127)	(14,949,787)
At 31 December	21,262,576	28,855,553
Analysed as:		
Repayable within twelve months	12,889,742	12,276,702
Repayable after twelve months	8,372,834	16,578,851
	21,262,576	28,855,553

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

	Group	
	2022 RM	2021 RM
Minimum lease payments		
Within one year	13,759,885	13,619,049
Later than one year and not later than two years	6,498,182	12,002,829
Later than two years and not later than five years	2,026,070	5,335,641
Later than five years	202,597	-
	22,486,734	30,957,519
Less: Future finance charges	(1,224,158)	(2,101,966)
Present value of minimum lease payments	21,262,576	28,855,553
Present value of minimum lease payments		
Within one year	12,889,743	12,276,702
Later than one year and not later than two years	6,249,465	11,250,975
Later than two years and not later than five years	1,929,116	5,327,876
Later than five years	194,252	-
	21,262,576	28,855,553

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 2.07% - 6.27% (2021: 3.95% - 8.66%).

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25. TRADE PAYABLES

	Group	
	2022 RM	2021 RM
Trade payables	148,192,660	186,646,367
Retention sum		
- third parties	68,441,708	73,780,431
	216,634,368	260,426,798

The normal trade credit term granted to the Group ranged from 30 to 60 (2021: 30 to 60) days depending on the terms of the contracts. Included in the current trade payables is an amount of RM13,051,410 (2021: RM16,073,728) represents payable for the acquisition and joint venture of project development land.

26. OTHER PAYABLES

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Other payables		2,925,713	4,498,910	511,865	228,465
Accruals	(a)	24,126,807	33,720,311	542,396	856,609
Amount due to a shareholder	(b)	3,024,630	3,528,909	-	-
Deposits received		164,700	33,500	-	-
		30,241,850	41,781,630	1,054,261	1,085,074

(a) Included in accruals consist of accrued project cost of RM14,808,271 (2021: RM21,840,098).

(b) The amount due to a shareholder is unsecured, non-interest bearing advances and repayable on demand.

27. AMOUNTS DUE TO IMMEDIATE HOLDING COMPANY

Amounts due to immediate holding company are non-trade in nature, unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements
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28. REVENUE

	Construction and trading RM	Property development RM	Total RM
Group			
2022			
Revenue from contracts with customers			
Sales of goods	31,120,576	-	31,120,576
Construction contracts	557,871,723	-	557,871,723
Property development	-	23,808,915	23,808,915
Total revenue	588,992,299	23,808,915	612,801,214
Geographical market:			
Malaysia	588,992,299	23,808,915	612,801,214
Timing of reveue recognition			
At a point in time	31,120,576	1,450,775	32,571,351
Over time	557,871,723	22,358,140	580,229,863
	588,992,299	23,808,915	612,801,214
2021			
Revenue from contracts with customers			
Sales of goods	19,361,803	-	19,361,803
Construction contracts	557,590,050	-	557,590,050
Property development	-	16,807,049	16,807,049
Total revenue	576,951,853	16,807,049	593,758,902
Geographical market:			
Malaysia	576,951,853	16,807,049	593,758,902
Timing of reveue recognition			
At a point in time	19,361,803	570,000	19,931,803
Over time	557,590,050	16,237,049	573,827,099
	576,951,853	16,807,049	593,758,902

Notes to the Financial Statements
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29. COST OF SALES

	Group	
	2022 RM	2021 RM
Sales of goods	31,631,298	18,753,215
Construction contracts	473,263,912	467,850,467
Property development	19,208,601	10,176,918
	524,103,811	496,780,600

30. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expenses on:				
Bank overdrafts	459,041	292,973	-	-
Lease liabilities	1,459,852	1,895,383	-	-
Related company	-	581	-	-
Revolving credits	2,092,251	2,174,352	722,795	669,115
Term loans	1,157,592	644,765	-	-
Trade services	337,791	527,499	-	-
Late payment	1,921	32	-	-
	5,508,448	5,535,585	722,795	669,115

Notes to the Financial Statements
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31. PROFIT BEFORE TAX

Profit before tax is derived after charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- statutory audit				
- current year	271,085	266,000	85,000	87,000
- (Over)/Under provision in prior year	(2,500)	(3,000)	(2,000)	1,000
- non statutory audit	27,500	26,000	23,000	23,000
Amortisation of intangible assets	-	347,177	-	-
Depreciation of:				
- property, plant and equipment	6,880,762	6,579,462	36,646	54,488
- investment properties	881,789	881,787	-	-
- right-of-use assets	7,879,884	7,770,659	-	-
Impairment losses on:				
- trade receivables	715,769	169,293	-	-
- amount due from subsidiary companies	-	-	-	10,435
- amount due from related companies	40,662	2,601	-	-
- goodwill	44,453	-	-	-
Non-executive Directors' remuneration				
- fees	145,200	135,520	145,200	135,520
- other emoluments	29,700	24,500	29,700	24,500
Property, plant and equipment written off	-	1	-	-
Deposit written off	-	2,500	-	2,500
Bad debt written off	37,333	-	-	-
Lease expenses relating to short term lease:				
- office building	186,000	168,000	-	-
Lease expense relating to low-value asset:				
- copier machine	-	990	-	-
Loss/(Gain) on disposal of:				
- property, plant and equipment	1,764	35,916	-	-
- an associate company	41,001	-	-	-
- a subsidiary company	(599,738)	-	-	-
Dividend income	-	-	(6,000,000)	(7,000,000)
Interest income	(648,136)	(333,518)	(684)	(526)
Intercompanies interest income	-	-	(547,971)	(259,323)
Lease income	(279,004)	(176,255)	-	-
Reversal of impairment losses on:				
- trade receivables	(38,665)	(175,546)	-	-
- amount due from related companies	-	(55,227)	-	-
- an associate company	(34,315)	-	-	-
Subsidy from social security contribution	-	(442,350)	-	-
Waiver of debts	-	(174,648)	-	-

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32. TAXATION

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Tax expenses recognised in profit or loss				
Malaysian income tax:				
Current tax provision	11,221,335	14,157,871	112,713	56,625
Over provision in prior years	(151,652)	(511,594)	(116)	(44,042)
	11,069,683	13,646,277	112,597	12,583
Deferred tax:				
Relating to origination and reversal of temporary differences	300,622	134,129	-	-
Crystallisation of deferred tax	(51,388)	(51,388)	-	-
Under/(Over) provision in prior years	81,100	(329,313)	-	-
	330,334	(246,572)	-	-
Tax expense for the financial year	11,400,017	13,399,705	112,597	12,583

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	25,611,635	39,977,425	4,780,093	6,166,869
At Malaysian statutory tax rate of 24% (2021: 24%)	6,146,792	9,594,582	1,147,222	1,480,049
Expenses not deductible for tax purposes	3,883,628	3,248,317	403,519	249,756
Income not subject to tax	(12,017)	-	(1,440,000)	(1,680,000)
Deferred tax assets not recognised	1,503,554	1,532,423	1,972	6,820
Crystallisation of deferred tax	(51,388)	(51,388)	-	-
Deferred tax arising from intangible assets	-	(83,322)	-	-
(Over)/Under provision in prior years				
- income tax	(151,652)	(511,594)	(116)	(44,042)
- deferred tax	81,100	(329,313)	-	-
Tax expense for the financial year	11,400,017	13,399,705	112,597	12,583

Notes to the Financial Statements
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32. 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	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised capital allowances	34,825,685	25,996,236	200,974	200,974
Unused tax losses	28,312,933	24,160,519	2,665,557	2,665,557
	63,138,618	50,156,755	2,866,531	2,866,531

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses to be carried forward until:				
- Year of assessment 2028	11,851,936	11,851,936	2,665,557	2,665,557
- Year of assessment 2029	4,250,707	4,250,707	-	-
- Year of assessment 2030	5,356,766	5,356,766	-	-
- Year of assessment 2031	2,701,110	2,701,110	-	-
- Year of assessment 2032	4,152,414	-	-	-
	28,312,933	24,160,519	2,665,557	2,665,557

33. 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	
	2022 RM	2021 RM
Profit attributable to owners of the parent	15,096,389	27,083,568
	Units	**Units**
Weighted average number of ordinary shares in issue:		
Issued ordinary shares at 1 January	591,652,605	501,652,605
Effect of ordinary shares issued during the financial year	-	21,698,630
Weighted average number of ordinary shares at 31 December	591,652,605	523,351,235
Basic earnings per ordinary share (in sen)	2.55	5.18

33. EARNINGS PER SHARE (CONT'D)

(b) Diluted earnings per share

The Group has no dilution in its earning per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of financial year and before the authorisation of the financial statements.

34. DIVIDENDS

	Group and Company	
	2022 RM	2021 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Interim dividend paid in respect of the financial year ended:		
- 31 December 2021 (single tier dividend of RM0.00422 per ordinary share)	2,496,745	-
Final dividend paid in respect of the financial year ended:		
- 31 December 2021 (single tier dividend of RM0.00493 per ordinary share)	2,916,805	-
	5,413,550	-

(a) On 17 February 2023, the Company declared an interim dividend of RM0.00249 per ordinary share amounting to RM1,473,177 in respect of the current financial year, payable on 30 March 2023.

(b) A final dividend of RM0.00250 per ordinary share amounting to RM1,479,132 in respect of the current financial year will be proposed for shareholders' approval at the forthcoming 21st Annual General Meeting.

The financial statements for the current financial year do not reflect the interim and final dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2023.

35. STAFF COSTS

	Group	
	2022 RM	2021 RM
Salaries, wages and other emoluments	28,549,850	25,833,687
Defined contribution plans	3,465,829	3,158,562
Social security contributions	295,378	266,507
Other staff related expenses	1,590,711	840,443
	33,901,768	30,099,199

The Group's staff costs do not include the estimated non-monetary value of benefits-in-kind amounting to RM412,920 (2021: RM399,251).

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35. STAFF COSTS (CONT'D)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group during the financial year as below:

	Group	
	2022 RM	2021 RM
Executive Directors of the Company		
Salaries and other emoluments	3,357,383	2,549,132
Defined contribution plans	463,180	355,035
Social security contributions	3,238	3,335
	3,823,801	2,907,502

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 RM89,815 (2021: RM100,650).

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the 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 24] RM	Other changes (iii) RM	At 31 December RM
Group						
2022						
Term loans	23	19,648,770	31,428,437	-	-	51,077,207
Lease liabilities	24	28,855,553	(12,876,275)	5,283,298	-	21,262,576
Other bank borrowings	(ii)	33,001,454	(4,018,791)	-	(63,276)	28,919,387
		81,505,777	14,533,371	5,283,298	(63,276)	101,259,170
2021						
Term loans	23	32,196,198	(12,547,428)	-	-	19,648,770
Lease liabilities	24	32,517,651	(13,054,404)	9,392,306	-	28,855,553
Other bank borrowings	(ii)	106,961,892	(73,732,350)	-	(228,088)	33,001,454
		171,675,741	(99,334,182)	9,392,306	(228,088)	81,505,777

(i) The cash flows from loans and borrowings and lease liabilities make up the net amount of proceeds from or repayments of borrowings and lease liabilities in the statements of cash flows.

(ii) Other bank borrowings represent loans and borrowings other than as disclosed above.

(iii) Other changes include unpaid interests.

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37. FINANCIAL GUARANTEES

	Group	
	2022 RM	2021 RM
Secured		
Bank guarantee issued in favour of the local authorities and developers for the performance of the construction works	2,623,691	2,774,912

	Company	
	2022 RM	2021 RM
Unsecured		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	85,572,066	52,537,523
Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies	31,000,000	31,700,000
	116,572,066	84,237,523

38. COMMITMENT

	Group	
	2022 RM	2021 RM
Capital expenditure		
Property, plant and equipment	-	42,839

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.

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39. RELATED PARTY DISCLOSURES (CONT'D)

(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	
	2022 RM	2021 RM
Transaction with immediate holding company		
Dividend paid	(3,175,318)	-
Transactions with related companies		
Progress billing issued	611,635,382	494,328,263
Contractor fee paid/payable	(54,810)	-
Deposit paid/payable	-	(3,000,000)
Interest expenses paid/payable	-	(581)
Purchase of materials	-	(4,607,674)
Rental expenses paid/payable	(198,000)	(196,445)
Reimbursement of land consideration persuant to deed of novation cum assignment	-	(23,076,282)
Transaction with other related parties		
Dividend paid	(843,846)	-

Other related parties comprise of directors or key management personnel of the Company or its subsidiary companies and their close family members.

	Company	
	2022 RM	2021 RM
Transactions with subsidiary companies		
Interest income received/receivable	547,971	259,323
Dividend income received	6,000,000	7,000,000
Management fee paid/payable	(1,153,152)	-

(c) Compensation of key management personnel

Remuneration of Directors and key management are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, fees and other emoluments	7,419,377	6,025,254	174,900	160,020
Defined contribution plans	954,681	761,128	-	-
Social security contributions	14,798	14,311	-	-
	8,388,856	6,800,693	174,900	160,020

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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.

	Construction and trading RM	Property development RM	Others RM	Total segments RM
Group				
2022				
Revenue				
Total revenue	642,700,695	23,808,915	-	666,509,610
Less: Inter-segment revenue	(53,708,396)	-	-	(53,708,396)
Revenue from external customers	588,992,299	23,808,915	-	612,801,214
Results				
Interest income	249,701	397,750	685	648,136
Finance costs	(4,450,334)	(335,318)	(722,796)	(5,508,448)
Depreciation and amortisation	(15,467,131)	(138,658)	(36,646)	(15,642,435)
Share of profit of associates	229,771	-	-	229,771
Segment profit/(loss) before tax	23,820,020	3,217,741	(1,426,126)	25,611,635
Taxation				(11,400,017)
Profit after tax				14,211,618

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40. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM
Group				
2022				
Other non-cash items				
Bad debt written off	37,333	-	-	37,333
Impairment losses on:				
- trade receivables	715,769	-	-	715,769
- amount due from related companies	40,662	-	-	40,662
- goodwill	44,453	-	-	44,453
Loss/(gain) on disposal of:				
- property, plant and equipment	1,764	-	-	1,764
- an associate company	41,001	-	-	41,001
- a subsidiary company	(599,738)	-	-	(599,738)
Reversal of impairment losses on:				
- trade receivables	(26,188)	(12,477)	-	(38,665)
- an associate company	(34,315)	-	-	(34,315)
Segment assets				
Additions to non-current assets	9,680,811	187,500	-	9,868,311
Segment assets	520,541,381	140,925,791	255,289,816	916,756,988
2021				
Revenue				
Total revenue	621,304,462	16,807,049	-	638,111,511
Less: Inter-segment revenue	(44,352,609)	-	-	(44,352,609)
Revenue from external customers	576,951,853	16,807,049	-	593,758,902
Results				
Interest income	158,183	174,113	1,222	333,518
Finance costs	(4,717,764)	(388,793)	(429,028)	(5,535,585)
Depreciation and amortisation	(15,120,844)	(56,576)	(54,488)	(15,231,908)
Amortisation of intangible assets	-	-	(347,177)	(347,177)
Share of profit of associates	247,072	-	-	247,072
Segment profit/(loss) before tax	36,813,751	5,198,258	(2,034,584)	39,977,425
Taxation				(13,399,705)
Profit after tax				26,577,720

40. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM
Group				
2021				
Other non-cash items				
Impairment losses on:				
- trade receivables	169,293	-	-	169,293
- amount due from related companies	2,601	-	-	2,601
Deposit written off	-	-	2,500	2,500
Property, plant and equipment written off	1	-	-	1
Loss on disposal of:				
- property, plant and equipment	35,916	-	-	35,916
Waiver of debts	(174,648)	-	-	(174,648)
Reversal of impairment losses on:				
- trade receivables	(4,697)	(170,849)	-	(175,546)
- other receivables	(55,227)	-	-	(55,227)
Segment assets				
Additions to non-current assets	11,616,133	259,458	-	11,875,591
Segment assets	565,338,767	117,284,877	255,440,611	938,064,255

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 2022 RM	2021 RM
Related companies	Construction	544,582,245	542,191,791

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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:

	At amortised cost	
	2022	2021
	RM	RM
Group		
Financial assets		
Trade receivables	35,976,159	41,840,982
Other receivables	20,165,587	10,533,108
Amount due from related companies	283,575,204	280,433,271
Amount due from an associate company	-	7,200
Fixed deposits with licensed banks	7,169,744	5,669,801
Cash held under Housing Development Accounts	21,135,814	23,774,651
Cash and bank balances	25,137,791	13,653,502
	393,160,299	375,912,515
Financial liabilities		
Trade payables	216,634,368	260,426,798
Other payables	30,241,850	41,781,630
Amount due to related companies	5,561,989	5,276,573
Amount due to immediate holding company	13,226	-
Amount due to an associate company	16,552	65,834
Lease liabilities	21,262,576	28,855,553
Loans and borrowings	92,670,446	57,631,798
	366,401,007	394,038,186
Company		
Financial assets		
Other receivables	72,400	372,400
Amount due from subsidiary companies	56,066,532	56,648,935
Cash and bank balances	297,318	71,776
	56,436,250	57,093,111
Financial liabilities		
Other payables	1,054,261	1,085,074
Amount due to subsidiary companies	6,392,027	6,346,494
Loans and borrowings	15,000,000	15,000,000
	22,446,288	22,431,568

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 trade receivables, trade nature of amount due from related companies and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables, trade nature of amount due from related companies 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's 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 RM116,572,066 (2021: RM84,237,523), 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.

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						
2022						
Non-derivative financial liabilities						
Trade payables	216,634,368	-	-	-	216,634,368	216,634,368
Other payables	30,241,850	-	-	-	30,241,850	30,241,850
Amount due to related companies	5,561,989	-	-	-	5,561,989	5,561,989
Amount due to immediate holding company	13,226	-	-	-	13,226	13,226
Amount due to an associate company	16,552	-	-	-	16,552	16,552
Bank overdrafts	12,673,852	-	-	-	12,673,852	12,673,852
Lease liabilities	13,759,885	6,498,182	2,026,070	202,597	22,486,734	21,262,576
Term loans and trade services and revolving credits	36,872,119	8,377,472	31,205,906	10,420,613	86,876,110	79,996,594
	315,773,841	14,875,654	33,231,976	10,623,210	374,504,681	366,401,007
2021						
Non-derivative financial liabilities						
Trade payables	260,426,798	-	-	-	260,426,798	260,426,798
Other payables	41,781,630	-	-	-	41,781,630	41,781,630
Amount due to related companies	5,276,573	-	-	-	5,276,573	5,276,573
Amount due to an associate company	65,834	-	-	-	65,834	65,834
Bank overdrafts	4,981,574	-	-	-	4,981,574	4,981,574
Lease liabilities	13,619,049	12,002,829	5,335,641	-	30,957,519	28,855,553
Term loans and trade services and revolving credits	36,064,485	2,712,606	5,762,976	13,114,726	57,654,793	52,650,224
	362,215,943	14,715,435	11,098,617	13,114,726	401,144,721	394,038,186

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			
2022			
Non-derivative financial liabilities			
Other payables	1,054,261	1,054,261	1,054,261
Amount due to subsidiary companies	6,392,027	6,392,027	6,392,027
Revolving credit	15,000,000	15,000,000	15,000,000
Financial guarantees *	116,572,066	116,572,066	-
	139,018,354	139,018,354	22,446,288
2021			
Non-derivative financial liabilities			
Other payables	1,085,074	1,085,074	1,085,074
Amount due to subsidiary companies	6,346,494	6,346,494	6,346,494
Revolving credit	15,000,000	15,000,000	15,000,000
Financial guarantees *	84,237,523	84,237,523	-
	106,669,091	106,669,091	22,431,568

* *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.

Notes to the Financial Statements
31 December 2022

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 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.

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:

	2022 RM	2021 RM
Group		
Fixed rate instruments		
Financial assets	7,169,744	5,669,801
Financial liabilities	(21,262,576)	(28,855,553)
	(14,092,832)	(23,185,752)
Floating rate instruments		
Financial liabilities	(92,670,446)	(57,631,798)
Company		
Floating rate instruments		
Financial assets	47,248,371	47,969,710
Financial liabilities	(15,000,000)	(15,000,000)
	32,248,371	32,969,710

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 RM926,704 and RM322,484 (2021: RM576,318 and RM329,697), 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.

41. FINANCIAL INSTRUMENTS (CONT'D)

(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.

The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank overdrafts	12,673,852	4,981,574	-	-
Lease liabilities	21,262,576	28,855,553	-	-
Term loans	51,077,207	19,648,770	-	-
Trade services	3,519,387	12,566,677	-	-
Revolving credits	25,400,000	20,434,777	15,000,000	15,000,000
	113,933,022	86,487,351	15,000,000	15,000,000
Less:				
Fixed deposits with licensed banks	(7,169,744)	(5,669,801)	-	-
Cash held under Housing Development Accounts	(21,135,814)	(23,774,651)	-	-
Cash and bank balances	(25,137,791)	(13,653,502)	(297,318)	(71,776)
Net debt	60,489,673	43,389,397	14,702,682	14,928,224
Total equity	506,686,034	497,887,966	353,207,844	353,953,899
Net gearing ratio	0.12	0.09	0.04	0.04

There were no changes in the Group's and the Company's approach to capital management during the financial year.

Notes to the Financial Statements
31 December 2022

43. SUBSEQUENT EVENT

On 23 February 2023, MGB Geotech Sdn. Bhd. ("MGSB"), an indirect wholly-owned subsidiary company of the Company, has changed its name to MGB Kampar Development Sdn. Bhd. and subsequently changed its name to MGB Development Sdn. Bhd. ("MDSB") on 29 March 2023.

On 29 March 2023, MGSB has changed its principal activity from piling and foundation construction works to property development and operation of generation facilities that produce electric energy.

On 30 March 2023, MGBCE, a wholly-owned subsidiary company of the Company, has transferred all the equity interest in MDSB (formerly known as MGB Kampar Development Sdn. Bhd.) to MGB Land Sdn. Bhd., a wholly-owned subsidiary company of the Company for a cash consideration of Ringgit Malaysia Seven Hundred and Fifty Thousand (RM750,000.00) only.

44. COMPARATIVE INFORMATION

Certain comparatives were restated to conform with current financial year's presentation. There was no significant impact to the financial performance in relation to the financial year ended 31 December 2022.

45. 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 14 April 2023.

SECTION 05:

OTHER INFORMATION

List of Major Properties
held as at 31 December 2022

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	16,515	348,741 sq ft / 124,399 sq ft	8 March 2002	20
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	4,276	236,739 sq ft / 97,721 sq ft	4 June 2002	26
H-G, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 1 July 2109	1,757	221 sq metre	18 June 2015	12
H-7, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 1 July 2109	1,195	280 sq metre	18 April 2011	12
H-3A, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 1 July 2109	1,179	271 sq metre	24 June 2015	12
H-2, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 1 July 2109	1,153	271 sq metre	19 October 2015	12
H-6, Block H, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 1 July 2109	1,151	271 sq metre	2 August 2012	12
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	968	143.08 sq metre	27 February 2020	5
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	968	143.08 sq metre	27 February 2020	5
I-7, Block I, Sunway PJ@51A, Jalan SS9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor, Malaysia.	Office suite	Leasehold 99 years expiring on 1 July 2109	764	180 sq metre	20 April 2011	12

Analysis of Shareholdings

as at 31 March 2023

A. SHARE CAPITAL

Number of Issued Shares	:	591,652,605
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	4,256	69.00	50,233	0.01
100 - 1,000	878	14.23	412,263	0.07
1,001 - 10,000	661	10.72	2,885,578	0.49
10,001 - 100,000	261	4.23	8,716,084	1.47
100,001 – 29,582,629 (*)	107	1.74	173,354,149	29.30
29,582,630 and Above (**)	5	0.08	406,234,298	68.66
Total	**6,168**	**100.00**	**591,652,605**	**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	347,029,329	58.65	-	-
2.	Gaterich Sdn. Bhd.	-	-	347,029,329 [(a)]	58.65
3.	Tan Sri Dato' Sri Lim Hock San, *JP*	1,189,300	0.20	347,029,329 [(b)]	58.65
4.	Datuk Wira Lim Hock Guan, *JP*	1,520,000	0.26	347,029,329 [(b)]	58.65
5.	Datuk Lim Lit Chek	84,574,298	14.29	1,650,800 [(c)]	0.28

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	0.18	347,029,329 [(b)]	58.65
3.	Datuk Wira Lim Hock Guan, *JP*	1,520,000	0.26	347,029,329 [(b)]	58.65
4.	Datuk Lim Lit Chek	84,574,298	14.29	1,650,800 [(c)]	0.28
5.	Dato' Beh Hang Kong	3,539,985	0.60	-	-
6.	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 31 March 2023

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)	142,200,000	24.03
2.	LIM LIT CHEK	84,574,298	14.29
3.	RHB NOMINEES (TEMPATAN) SDN. BHD. OSK CAPITAL SDN. BHD. FOR LBS BINA GROUP BERHAD	71,200,000	12.03
4.	RHB NOMINEES (TEMPATAN) SDN. BHD. INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	63,760,000	10.78
5.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (SSA)	44,500,000	7.52
6.	LBS BINA GROUP BERHAD	15,369,329	2.60
7.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	13,300,000	2.25
8.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	12,589,900	2.13
9.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	11,387,300	1.92
10.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. – PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR LBS BINA GROUP BERHAD	10,000,000	1.69
11.	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	7,757,100	1.31
12.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM KENANGA) (410196)	6,847,400	1.16
13.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	6,330,900	1.07
14.	YAYASAN GURU TUN HUSSEIN ONN	5,100,000	0.86
15.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (GROWTH)	5,059,800	0.86
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	4,915,100	0.83
17.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL ISLAMIC SMALL CAP OPPORTUNITIES FUND	4,768,400	0.81
18.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	4,297,000	0.73
19.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA FAMILY TAKAFUL BERHAD (DANA EKUITI)	3,745,300	0.63
20.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	2,560,600	0.43

Analysis of Shareholdings
as at 31 March 2023

D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

NO.	NAME	SHARES HELD	PERCENTAGE (%)
21.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PRINCIPAL SMALL CAP OPPORTUNITIES FUND (240218)	2,340,300	0.40
22.	LIM KIM ENG	2,269,800	0.38
23.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR HOR KOK CHOONG	2,180,000	0.37
24.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	2,168,404	0.37
25.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO BING NI	2,164,600	0.37
26.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR KENANGA GLOBAL ISLAMIC FUND	1,896,500	0.32
27.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	1,862,200	0.31
28.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA PREMIER FUND	1,847,700	0.31
29.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (BALANCE)	1,840,800	0.31
30.	NG SAN SAN	1,650,800	0.28
	Total	**540,483,531**	**91.35**

Notice of Twenty-First Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting ("**21st AGM**") of the Company will be conducted virtually via remote participation and electronic voting via the online meeting platform at TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Tuesday, 20 June 2023 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2022 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 RM143,750 to the Non-Executive Directors in respect of the financial year ended 31 December 2022.	**Ordinary Resolution 1 (Please refer to the Explanatory Note 2)**
3.	To approve the payment of Directors' benefits of up to RM32,550 to the Non-Executive Directors for the period commencing from 20 June 2023 until the next annual general meeting of the Company.	**Ordinary Resolution 2 (Please refer to the Explanatory Note 3)**
4.	To declare a final single tier dividend of RM0.00250 per share in respect of the financial year ended 31 December 2022.	**Ordinary Resolution 3 (Please refer to the Explanatory Note 4)**
5.	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 4 (Please refer to the Explanatory Note 5)**
	ii) Datuk Lim Lit Chek	**Ordinary Resolution 5 (Please refer to the Explanatory Note 5)**
6.	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:-

7. **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 6)**

"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 pursuant to Section 85 of the Act to be read together with Article 13(c) of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory pre-emptive rights of the shareholders and empowered the Directors of the Company to issue and allot new ordinary shares pursuant to Sections 75 and 76 of the Act without offering them to the existing members to maintain their relative voting and distribution right and such new shares shall rank pari passu in all respects with the existing class of ordinary shares.

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 Malaysia**");

AND THAT such authority shall be continue in force until the conclusion of the next Annual General Meeting of the Company."

8. **PROPOSED 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 7)**

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia 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 28 April 2023 ("**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."

9. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** **Ordinary Resolution 9 (Please refer to the Explanatory Note 8)**

"THAT, subject to the provisions under the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia ("**Listing Requirements**") and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company ("**MGB Shares**") as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid up share capital of the Company as at the point of purchased ("**Proposed Renewal of Share Buy-Back Authority**").

THAT the maximum amount of funds to be utilized for the purpose of the Proposed Renewal of Share Buy-Back Authority shall not exceed the retained profits of the Company.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion as may be permitted and prescribed by the Act and/or any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities for the time being in force to deal with any MGB Shares so purchases ("**Purchased Shares**") by the Company in the following manners:-

(i) to cancel the Purchased Shares;
(ii) to retain the Purchased Shares as treasury shares held by the Company;
(iii) to distribute the treasury shares as dividend to shareholders;
(iv) to resell the treasury shares on Bursa Malaysia in accordance with the relevant rules of Bursa Malaysia;
(v) to transfer the treasury shares for the purposes of or under an employees' share scheme and/or as purchase consideration; and/or
(vi) in such manner as may be permitted pursuant to Section 127 of the Act, the provision of the Main Market Listing Requirements and any other relevant authorities for the time being in force.

THAT the authority conferred by this resolution will be effective immediately from the passing of this ordinary resolution until:-

(i) the conclusion of the next Annual General Meeting of the Company, at which time the said authority will lapse unless by an ordinary resolution passes at the general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next Annual General Meeting after that date is required to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

Whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take such steps to give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

10. To transact any other business of which due notice shall have been given in accordance with the Act.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 21st Annual General Meeting to be held on 20 June 2023, a final single tier dividend of RM0.00250 per share in respect of the financial year ended 31 December 2022 will be paid on 20 July 2023 to Shareholders whose name appear in the Company's Record of Depositors on 28 June 2023.

A Depositor shall qualify for entitlement only in respect of:

(a) Securities transferred into the Depositor's Securities Account before 4:30 p.m. on 28 June 2023 in respect of transfers; and
(b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

CHONG VOON WAH (SSM PC NO. 202008001343) (MAICSA 7055003)
KHOO WEI LEE (SSM PC NO. 201908001577) (MAICSA 7063165)
Company Secretaries

Petaling Jaya, Selangor
Date : 28 April 2023

Notice of Twenty-First Annual General Meeting

Notes:

*(a) The 21st AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities.*

(b) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

(c) No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the meeting.

*(d) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors ("**Board**") of the Company) and vote in his stead. A member or his/her/its proxy(ies)/ corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at https://tiih.online to attend, participate and vote remotely via the RPV facilities. Please read these Notes carefully and follow the procedures as set out in the Administrative Guide of the 21st AGM ("**Administrative Guide**") which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's corporate website at www.mgbgroup.com.my in order to participate remotely via RPV facilities.*

A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) may pose his/her questions via the platform as set out in the Administrative Guide.

(e) 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. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

*(f) 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.*

(g) The instrument appointing proxy 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.

(h) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than Monday, 19 June 2023 at 10.00 a.m.:
(i) In hard copy form: -
(a) By hand or post to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or
(b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

(ii) By electronic form:-
(a) To submit Proxy Form electronically via TIIH Online at https://tiih.online

(i) For the purpose of determining who shall be entitled to participate the 21st AGM via RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 2 June 2023. Only members whose name appears on the Record of Depositors as at 2 June 2023 shall be entitled to participate and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(j) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 21st 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 2022
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 RM143,750 for the financial year ended 31 December 2022 is set out below:

	RM
Directors' Fees	*121,200*
Meeting Allowance	*22,550*
Total	***143,750***

The payment of the Directors' Fees and allowance in respect of the financial year ended 31 December 2022 will only be made if the proposed Ordinary Resolution 1 has been passed at the 21st AGM.

3. ***Ordinary Resolution 2 – Directors' benefits from 20 June 2023 to the next annual general meeting of the Company***
The Directors' benefits payable to the Non-Executive Directors of up to RM32,550 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 21st 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 3 – Final single tier dividend of RM0.00250 per share in respect of the financial year ended 31 December 2022***
Ordinary Resolution 3, if passed, will allow the Company to pay the final single tier dividend of RM0.00250 per share in respect of the financial year ended 31 December 2022 on 20 July 2023 to Shareholders whose name appear in the Company's Record of Depositors on 28 June 2023.

5. ***Ordinary Resolution 4 & 5 – Re-election of Directors who are retiring in accordance with Article 90 of the Company's Constitution***
The profiles of the Directors who are standing for re-election at the 21st Annual General Meeting are set out in the Board of Directors' Profile on pages 4 and 7 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on page 201 of the Annual Report. A statement of the Board is supporting the re-election of the Directors and reason of supporting is disclosed on page 81 in the Corporate Governance Overview Statement of the Annual Report.

6. ***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.

Pursuant to Section 85(1) of the Companies Act, 2016 read together with Article 13(c) of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company.

Section 85(1) of the Companies Act, 2016 states:
Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

Article 13(c) of the Company's Constitution provides as follows:
Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause;

In order for the Board to issue any new shares free of pre-emptive rights, such pre-emptive rights must be waived. The proposed Ordinary Resolution 7, if passed, will exclude your pre-emptive rights over all new shares in the Company to be issued under the general mandate.

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 Twentieth Annual General Meeting held on 15 June 2022.

7. ***Ordinary Resolution 8 – Proposed 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 28 April 2023.

8. ***Ordinary Resolution 9 – Proposed Renewal of Share Buy-Back Authority ("Proposed Renewal Share Buy-Back Authority")***
The Ordinary Resolution 9, if passed, will provide mandate for the Company to buy-back its own shares up to a limit of 10% of the existing total number of issued shares of the Company. Further information on Proposed Share Buy-Back is set out in the Statement to Shareholders dated 28 April 2023.

Statement Accompanying the Notice of the Twenty-First Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors

No individual is seeking election as Director (excluding the Directors who are standing for re-election under Ordinary Resolutions 4 & 5) at the 21st Annual General Meeting of the Company.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of 21st Annual General Meeting of the Company for the details.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 21st 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 21st AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 21st 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

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 ____

______________________ Contact No./Email address ______________________

being a member / members of **MGB BERHAD** hereby appoint ______________________

______________________ NRIC No. / Passport No. ______________________

of ____

and ____

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 Twenty-First Annual General Meeting ("**21st AGM**") of the Company to be conducted virtually via remote participation and electronic voting through the online meeting platform of TIIH Online website at https://tiih.online on Tuesday, 20 June 2023 at 10.00 a.m. and at any adjournment thereof.

RESOLUTIONS		FOR	AGAINST
Ordinary Resolution 1	Approval for the payment of Directors' Fees and allowance of RM143,750.00 to the Non-Executive Directors in respect of the financial year ended 31 December 2022.		
Ordinary Resolution 2	Approval for the payment of Directors' benefits of up to RM32,550.00 to the Non-Executive Directors for the period commencing from 20 June 2023 until the next annual general meeting of the Company.		
Ordinary Resolution 3	Approval for the payment of a final single-tier dividend of RM0.00250 per share is respect of the financial year ended 31 December 2022.		
Ordinary Resolution 4	Re-election of Dato' Abdul Majit bin Ahmad Khan, who retires in accordance with Article 90 of the Company's Constitution, and being eligible, offers himself for re-election.		
Ordinary Resolution 5	Re-election of Datuk Lim Lit Chek, who retires in accordance with Article 90 of the Company's Constitution, and being eligible, offers himself for re-election.		
Ordinary Resolution 6	Re-appointment of Messrs UHY as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	Allotment and issuance of shares pursuant to Sections 75 and 76 of the Companies Act, 2016.		
Ordinary Resolution 8	Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions.		
Ordinary Resolution 9	Proposed Renewal of Share Buy-Back Authority.		

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 ____________________, 2023.

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	Second Proxy
No. of Shares		
Percentage (%)		

NOTES:

(a) *The 21st AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities.*

(b) *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.*

(c) *No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the meeting.*

(d) *A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors ("**Board**") of the Company) and vote in his stead. A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at https://tiih.online to attend, participate and vote remotely via the RPV facilities. Please read these Notes carefully and follow the procedures as set out in the Administrative Guide of the 21st AGM ("**Administrative Guide**") which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's corporate website at www.mgbgroup.com.my in order to participate remotely via RPV facilities.*

(e) *A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) may pose his/her questions via the platform as set out in the Administrative Guide.*

(f) *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. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.*

(g) *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.*

(h) *The instrument appointing proxy 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.*

(i) *The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than Monday, 19 June 2023 at 10.00 a.m.:*
   - (i) *In hard copy form:-*
     - (a) *By hand or post to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or*
     - (b) *By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com*
   - (ii) *By electronic form:-*
     - (a) *To submit Proxy Form electronically via TIIH Online at https://tiih.online*

(j) *For the purpose of determining who shall be entitled to participate the 21st AGM via RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 2 June 2023. Only members whose name appears on the Record of Depositors as at 2 June 2023 shall be entitled to participate and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.*

(k) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 21st 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 21st AGM dated 28 April 2023*

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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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WWW.MGBGROUP.COM.MY

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