

# Driving Progress Accelerating Growth

Annual Report 2023





## Cover Rationale

▼  
At our core, we believe in the relentless pursuit of progress and the acceleration of growth. Our tagline, 'Driving Progress, Accelerating Growth' encapsulates our commitment to innovation, efficiency, and fostering sustainable development. By continuously pushing the boundaries of what's possible and facilitating rapid expansion, we aim to create value for our stakeholders, empower our teams, and contribute to a future of sustainable prosperity.



## Our Promise for the Future

### ▼ 1 — OUR VISION

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

### 2 — OUR MISSION

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

### 3 — BRAND VALUES

#### PASSION

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

## Navigation Icons

▶  
The following icons are used in this report to indicate where additional information can be found.



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Connect to more information online



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### The Highlights

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#### Chairman's Statement

Continuously seeking better ways forward, MGB's growth momentum was unleashed in FY2023, driven by higher contributions from both the construction and trading segment as well as the property development segment.

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#### Management Discussion and Analysis

At MGB's core, we believe in the relentless pursuit of progress and the acceleration of growth.

### SECTION

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## Scan this to view our Annual Report 2023

Our Annual Report, financial and other information about MGB Berhad can also be found at [www.mgbgroup.com.my](http://www.mgbgroup.com.my)



Section

# 01.

## ABOUT THIS REPORT

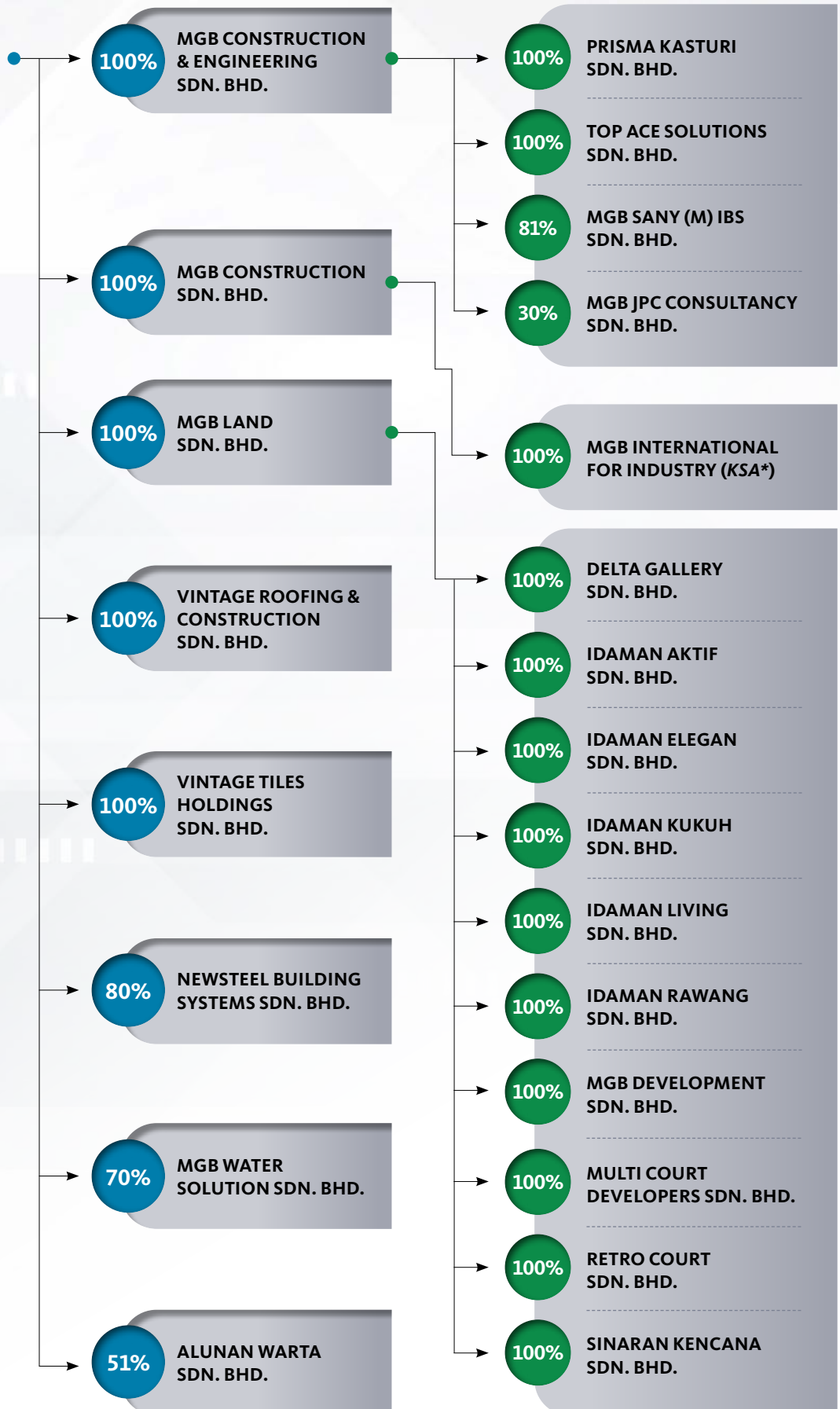
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MGB  
BERHAD

Annual  
Report  
2023

# Corporate Structure

as at 31 March 2024



\* Kingdom of Saudi Arabia

# O1.

About This Report

## Corporate Information

as at 31 March 2024

### BOARD OF DIRECTORS

1

**Tan Sri Dato' Sri Ir. (Dr.)  
Lim Hock San**  
PSM, SSAP, DSSA, JP

Group Executive Chairman

2

**Datuk Wira Lim Hock Guan**  
DCSM, DMSM, PJK, JP

Group Managing Director

3

**Datuk Lim Lit Chek**  
DPSM

Executive Director &  
Chief Executive Officer

4

**Dato' Beh Hang Kong**  
DSIS

Independent Non-Executive  
Director

5

**Puan Nadhirah binti Abdul  
Karim**

Independent Non-Executive  
Director

6

**Puan Noor Fansyurina binti  
Muhammad**

Independent Non-Executive  
Director

7

**Puan Nor Salinun binti  
Mohd Ghazali**

Independent Non-Executive  
Director

### AUDIT COMMITTEE

Dato' Beh Hang Kong  
(Chairman)  
Puan Nadhirah binti Abdul  
Karim  
Puan Noor Fansyurina binti  
Muhammad  
Puan Nor Salinun binti Mohd  
Ghazali

### NOMINATION AND REMUNERATION COMMITTEE

Puan Nadhirah binti Abdul  
Karim (Chairman)  
Dato' Beh Hang Kong  
Puan Noor Fansyurina binti  
Muhammad  
Puan Nor Salinun binti Mohd  
Ghazali

### RISK MANAGEMENT COMMITTEE

Datuk Wira Lim Hock Guan, *JP*  
(Chairman)  
Datuk Lim Lit Chek  
Dato' Beh Hang Kong  
Puan Nadhirah binti Abdul  
Karim  
Puan Noor Fansyurina binti  
Muhammad  
Puan Nor Salinun binti Mohd  
Ghazali

### SUSTAINABILITY COMMITTEE

Datuk Lim Lit Chek (Chairman)  
Datuk Wira Lim Hock Guan, *JP*  
Dato' Beh Hang Kong  
Puan Nadhirah binti Abdul  
Karim  
Puan Noor Fansyurina binti  
Muhammad  
Puan Nor Salinun binti Mohd  
Ghazali

### COMPANY SECRETARIES

Mr Chong Voon Wah  
SSM PC No. 202008001343  
(MAICSA 7055003)

Ms Khoo Wei Lee  
SSM PC No. 201908001577  
(MAICSA 7063165)

### REGISTERED OFFICE

G-3A, 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 Perindustrian Nilai 1  
71800 Nilai  
Negeri Sembilan Darul Khusus  
Malaysia  
T +606-797 1855  
F +606-797 1614

### SALES GALLERY & OFFICES

#### Pangsapuri Saujana Indah, Molek

G-15 & 01-15  
Jalan Masai Jaya 1  
Plentong  
81750 Johor Bahru  
Johor Darul Takzim  
Malaysia  
T +607-355 5511

#### 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  
Wilayah Persekutuan  
Malaysia  
T +603-2783 9299  
F +603-2783 9222

### SOLICITORS

Steven Tai, Wong & Partners  
Gan Partnership  
Chee Hoe & Associates

### AUDITOR

**UHY** (AF 1411)  
Suite 11.05, Level 11  
The Gardens South Tower  
Mid Valley City  
Lingkaran Syed Putra  
59200 Kuala Lumpur  
Wilayah Persekutuan  
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



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mgb-berhad

## Directors' Profile

**Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San** ("Tan Sri Dato' Sri Lim") was appointed to the Board as Non-Independent Non-Executive Director on 1 August 2014. He was re-designated as the Group Managing Director on 5 July 2016. Subsequently, on 1 August 2021, Tan Sri Dato' Sri Lim was re-designated as Executive Vice Chairman. Following the resignation of Dato' Abdul Majit bin Ahmad Khan, he was re-designated as Group Executive Chairman.

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   | 5. Honorary Life President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia   |
| ii. The inaugural Platinum Entrepreneur Award by SMI Association of Malaysia, 2011  | 6. Chairman, Board of Governors of SMJK Katholik, Selangor  |
| iii. Prestigious Entrepreneur of the Year by Asia Pacific Entrepreneurship Awards (APEA), 2012  | 7. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin, Selangor   |
| iv. Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014  | 8. Honorary Life Chairman of Selangor/K.L. Lim Clansmen Association   |
| v. World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015 | 9. Honorary University Fellowship of Genovasi University College  |
| vi. The BrandLaureate Hall of Fame - Lifetime Achievement Brand Icon Leadership Awards by Asia Pacific Brands Foundations, 2015   | 10. Adjunct Professor of Leadership of UNITAR International   |
| vii. Global Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2016                                  | 11. Honorary President, Malaysia-China Chamber of Commerce  |
| viii. Most Affluent Chinese Entrepreneur Awards, 2016   | 12. Honorary Adviser, The Federation of Malaysia Chinese Surname Association  |
| ix. Property Insight Prestigious Developer Awards (PIPDA) - Personality of the Year, 2017   | 13. President of the Sungai Way Hokkien Association, Selangor   |
| x. Asia Corporate Excellence & Sustainability Awards (ACES) - Outstanding Leader in Asia, 2017  | 14. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan   |
| xi. Special Distinguished Award for Promotion of China-ASEAN Relations at the 9th World Chinese Economic Summit (WCES), 2017  | 15. Honorary Life President, Gabungan Persatuan Cina Petaling Jaya, Selangor  |
| xii. Worldwide Excellence Award (WEA) - Person of the Year, 2017  | 16. Honorary President, Malaysia-China Silk Road Entrepreneurs Association  |
| xiii. Queen Victoria Commemorative Medal by The Europe Business Assembly, 2017  | 17. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association                                  |
| xiv. 8th Global Leadership Awards 2018 - Lifetime Achievement Award, 2018   | 18. Honorary President, Catholic High School Alumni Association, Selangor   |
| xv. The BrandLaureate Prominent Business Brand Awards: Most Eminent - Prominent Business Brand Leadership Award, 2018   | 19. Honorary President, Persatuan Penganut Tho Guan Sen   |
| xvi. The BrandLaureate Special Edition World Awards: BrandLaureate World Brandpreneur Hall of Fame - Lifetime Achievement Award, 2018   | 20. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way, Selangor  |
| xvii. FIABCI Malaysia Property Award - Property Man of the Year, 2018   | 21. Honorary President, Young Malaysians Movement   |
| xviii. Des Prix Infinitus Asean Property Award 2019 - Lifetime Achievement, 2019  | 22. Honorary Life President, Persatuan Anxi Selangor Dan W.P. Kuala Lumpur  |
| xix. Property Insight Prestigious Developers Awards (PIPDA) 2019 - Lifetime Achievement Award, 2019   | 23. Honorary Life Chairman, Selangor Petaling Business & Industry Association   |
| xx. iProperty Development Excellence Awards (iDEA) 2019 - Innovative Leader of the Year, 2019   | 24. Honorary Chairman, Rumah Berhala Leng Eng Tian, Selangor  |
| xxi. KSI Special Business Award (2022) - National Outstanding Entrepreneurs Lifetime Achievement Award, 2022  | 25. Honorary Life Adviser, Ang Men Culture and Arts Association of Malaysia, Selangor                                   |
| xxii. Adjunct Professor of Leadership of UNITAR International, 2023   | 26. Adviser, Persatuan Ko Chow Sungai Way, Selangor   |
| xxiii. Professional Engineer of Board of Engineer Malaysia  | 27. Adviser, Kelab Sungai Way, Selangor   |
| xxiv. UNITAR 23rd Convocation Ceremony - Honorary Doctor of Management (Honoris Causa)  | 28. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan Malaysia  |
| 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:-                            | 29. Advisory Committee, Malaysia China Mergers & Acquisitions Association   |
| 1. President, The Federation of Hokkien Associations Malaysia   | 30. National Adviser of the Malaysia Entrepreneurs' Development Association (PUMM)                                      |
| 2. Deputy President, The Federation of Malaysia Lim Associations  | 31. Overseas Representative, the 5th Session of the 12th Chinese People's Political Consultative Conference 2017        |
| 3. President, Malaysia-Guangdong Chamber of Investment Promotion  | 32. Committee, China Federation 11th Plenary Session  |
| 4. Honorary Life Adviser, The Federation of Chinese Associations Malaysia (Huazong)   | 33. Committee, the 6th China Overseas Exchange Association  |
|   | 34. Overseas Representative, the 3rd Session of the 11th Fujian Chinese People's Political Consultative Conference 2015 |
|   | 35. Honorary Life Chairman, Member of the 6th Committee of Quanzhou Overseas friendship Association                     |
|   | 36. Overseas Representative, the 17th People's Congress of Quanzhou, China  |
|   | 37. Vice President, Fujian Overseas Exchanges Association 6th Council   |
|   | 38. Overseas Adviser, Fujian Provincial Federation 11th Plenary Session   |
|   | 39. Vice President, The World Lin's Association   |
|   | 40. Vice President, the 6th China Xiamen Overseas Friendship Association  |
|   | 41. Honorary Life Adviser, Tan Kah Kee Educational Charity Foundation   |
|   | 42. Vice President, the 5th China Fujian Overseas Friendship Association  |
|   | 43. Honorary Adviser, the 1st China Meizhou Lim 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, JP (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.

**TAN SRI DATO'**

**SRI IR. (DR.)**

**LIM HOCK SAN, JP**

Group Executive Chairman



**Gender:** Male

**Age:** 66

**Nationality:** Malaysian

**Date Appointed:** 1 August 2014

**Board Meeting Attended:** 5/5

# O1.

About This Report

## Directors' Profile

**DATUK WIRA**

**LIM HOCK GUAN, JP**

Group Managing Director

RM

SC



**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 and member of Sustainability 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 before venturing into property development.

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 oversees 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.

Under his leadership, the Group has undertaken various initiatives to digitise its operations and process, from streaming internal workflows to the implementation of cutting-edge technologies to enhance customer experiences. Additionally, he is known for his commitment to sustainability, where under his executive leadership, the Group has taken various initiatives to promote sustainable practices in its operations.

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 Rifle Association, Washington D.C.

He is the brother of Tan Sri Dato’ Sri Ir. (Dr.) Lim Hock San, JP the Group Executive 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.

**Gender:** Male

**Age:** 62

**Nationality:** Malaysian

**Date Appointed:** 1 August 2014

**Board Meeting Attended:** 5/5

**AC** Audit Committee Chairman

**AC** Audit Committee Member

**NR** Nomination & Remuneration Committee Chairman

**NR** Nomination & Remuneration Committee Member



# Directors' Profile

**Datuk Lim Lit Chek** (“Datuk Lim”) appointed to the Board as Executive Director & Chief Executive Officer (“CEO”) of the Company on 1 December 2016, boasts an impressive academic background and extensive experience in property development and construction. He also holds key roles as Chairman of the Sustainability Committee and a Member of the Risk Management Committee of the Company.

Datuk Lim holds a Master’s Degree in Engineering Management from the Ivy League’s Cornell University in New York, USA, 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, Australia. His academic achievements include prestigious awards such as the VICROADS Education Prize, Best Student Award, Golden Key National Honor Society Award and the Most Innovative Award in Concrete Design Competition (C.I.A.), all of which in Australia. Furthermore, he was honored with the Fellowship Merit Award from Cornell University.

With over 20 years’ experience in property development and construction, Datuk Lim founded MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.) in 2007, where he served as Managing Director. Under his leadership, the company has achieved significant milestone.

Beyond his professional endeavors, Datuk Lim is actively involved in Non-Government Organisation, holding positions as 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 deacon of Mega Chinese Methodist Church. Additionally, he was elected as a Council Member of Federation of Malaysian Manufacturers (FMM) for year 2024 and 2025.

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.

**DATUK**

**RM**

**SC**

**LIM LIT CHEK**

Executive Director & Chief Executive Officer



**Gender:** Male

**Age:** 47

**Nationality:** Malaysian

**Date Appointed:** 1 December 2016

**Board Meeting Attended:** 5/5

**RM** Risk Management Committee Chairman

**RM** Risk Management Committee Member

**SC** Sustainability Committee Chairman

**SC** Sustainability Committee Member

# O1.

About This Report

## Directors' Profile

**DATO'**

**BEH HANG KONG**

Independent Non-Executive Director

AC

NR

RM

SC



**Dato' Beh Hang Kong** ("Dato' Beh") initially 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 the Audit Committee and a Member of Nomination and Remuneration Committee, Risk Management Committee and Sustainability 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.

**Gender:** Male

**Age:** 66

**Nationality:** Malaysian

**Date Appointed:** 1 February 2019

**Board Meeting Attended:** 5/5

**AC** Audit Committee Chairman

**AC** Audit Committee Member

**NR** Nomination & Remuneration Committee Chairman

**NR** Nomination & Remuneration Committee Member

Directors' Profile

**Puan Nadhirah binti Abdul Karim** (“Puan Nadhirah”) assumed the esteemed position of Independent Non-Executive Director of the Company on 1 February 2019. Effective from 15 January 2024, she assumed the role of Chairman of Nomination and Remuneration Committee of the Company. Additionally, she serves as a Member of Audit Committee, Risk Management Committee and Sustainability Committee.

Puan Nadhirah holds an Honour Degree in Bachelor of Accountancy from Universiti Teknologi Mara and is a Member of Malaysian Institute of Accountants (MIA). She began her career as an auditor upon her graduation and has 14 years of experiences working in an audit firm. She brings 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.

**PUAN NADHIRAH**

**BINTI ABDUL KARIM**

Independent Non-Executive Director

AC

NR

RM

SC



**Gender:** Female

**Age:** 36

**Nationality:** Malaysian

**Date Appointed:** 1 February 2019

**Board Meeting Attended:** 5/5

**RM** Risk Management Committee Chairman

**RM** Risk Management Committee Member

**SC** Sustainability Committee Chairman

**SC** Sustainability Committee Member

# O1.

About This Report

## Directors' Profile

**PUAN NOOR FANSYURINA**

**BINTI MUHAMMAD**

Independent Non-Executive Director

AC

NR

RM

SC



**Puan Noor Fansyurina binti Muhammad** (“Puan Fansyurina”), assumed the role of Independent Non-Executive Director of the Company on 18 December 2023. She brings a wealth of experience to the table, serving as a Member of Audit Committee, Risk Management Committee, Sustainability Committee and the Nomination and Remuneration Committee of the Company.

With a Bachelor of Laws (LLB Hons) from the University of West England, Bristol, United Kingdom, Puan Fansyurina possesses over a decade of professional expertise. Her career trajectory has been diverse, spanning various sectors including global labour dynamics, civil engineering, material supply and agriculture.

Throughout her career, Puan Fansyurina has held positions on the boards of several private companies, showcasing her adept business management skills gained from active involvement in relevant industries. Notably, she played a pivotal role in managing a civil engineering company, overseeing maintenance work for the Town Council, facilitating landscaping maintenance and supplying materials to the Ministry of Health. Her specialisation, backed by licensing, includes the supply of raw materials and agriculture.

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.

**Gender:** Female

**Age:** 43

**Nationality:** Malaysian

**Date Appointed:** 18 December 2023

**Board Meeting Attended:** N/A

**AC** Audit Committee Chairman

**AC** Audit Committee Member

**NR** Nomination & Remuneration Committee Chairman

**NR** Nomination & Remuneration Committee Member

Directors' Profile

**Puan Nor Salinun binti Mohd Ghazali** ("Puan Salinun"), was appointed as an Independent Non-Executive Director of the Company on 15 January 2024. She brings extensive experience to the Company and serves on various committees, including the Member of Audit Committee, Risk Management Committee, Sustainability Committee and the Nomination and Remuneration Committee of the Company.

Puan Salinun is a seasoned Human Resource professional with over 25 years of extensive experience across diverse sectors, including digital & technology, manufacturing, construction, facilities management and plantation. Her rich background encompasses the strategic shaping of HR frameworks, operational oversight, organisational development and leading talent management initiatives. Puan Salinun's expertise extends beyond traditional HR functions, demonstrating a deep understanding of organisational dynamics, culture transformation and technology enablement.

Over the past five (5) years, Puan Salinun has been a trusted advisor to industry leaders, offering strategic insights to navigate post-pandemic challenges. Her contributions include refining business and HR Strategy, workforce transformation, capability review, culture realignment and change management.

Puan Salinun started her career at Multimedia Development Corporation (now known as Malaysia Digital Economy Corporation or MDEC), where she focused on human capital operations, leadership engagement and culture development. She has also served in senior positions at iA Consulting (a member of the iA Group), CareerXcell, Leadership Development Forum and UEM Edgenta Berhad. Her international footprint includes delivering projects in the Kingdom of Saudi Arabia and Indonesia, collaborating with experts from Malaysia, Singapore, India and Australia.

Puan Salinun graduated from Syracuse University, New York USA in Bachelor of Science in Human Resource. She is also a qualified Trainer, Behavioural Based Assessor and Virtual Facilitator.

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.

**PUAN NOR SALINUN**

**BINTI MOHD GHAZALI**

Independent Non-Executive Director

AC

NR

RM

SC



**Gender:** Female

**Age:** 48

**Nationality:** Malaysian

**Date Appointed:** 15 January 2024

**Board Meeting Attended:** N/A

**RM** Risk Management Committee Chairman

**RM** Risk Management Committee Member

**SC** Sustainability Committee Chairman

**SC** Sustainability Committee Member

# O1.

About This Report

## Profiles of Key Management

1

**MR LIM KIM HOE**

Deputy Chief Executive Officer

**Gender:** Male

**Age:** 39

**Nationality:** Malaysian



**Mr Lim Kim Hoe** (“Mr Lim”), presently holding a position of the Deputy Chief Executive Officer of the Company, previous served as the Executive Director from 1 August 2014 to 1 January 2022. Following his resignation from the role of Executive Director, there were no changes made to his directorships within subsidiary companies.

Formerly serving as Sustainability Committee Chairman, Mr Lim was responsible for overseeing and addressing all sustainability-related matters involving stakeholders of MGB. His role included ensuring that sustainability concerns were appropriately managed at the highest decision-making level to achieve the Group’s sustainable vision and mission with a heightened focus and accountability.

Mr Lim is a graduate with an Honors Degree in Bachelor of Engineering (Civil) from the University of Melbourne, Australia. Commencing his career with LBS Bina Group Berhad, he gained valuable experience in property management, business development and construction activities. Joining VTI Vintage Berhad in 2014 (now known as MGB Berhad) as Executive Director, he successfully elevated the Company from its PN17 status.

Mr Lim steered and managed the pioneering team of the innovative Industrialised Building Systems (IBS) precast team, completed approximately 4,000 property units in the first three years of the production. In his current capacity as Deputy Chief Executive Officer, Mr Lim assumes a pivotal leadership role in overseeing the Construction and Property Development Divisions of the Group.

Mr Lim is the son of Tan Sri Dato’ Sri Ir. (Dr.) Lim Hock San, *JP* the Group Executive 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

2

**MR WONG****TACK LEONG**

Deputy Chief Executive Officer

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

**Mr Wong Tack Leong** (“Mr Wong”) assumed the position as Deputy Chief Executive Officer of the Company on 1 December 2016. In his prior role, he was responsible for overseeing operational functions such as Human Resource and Administrative, Construction and Project Management, Contract and Procurement, Infrastructure Division, Treasury and the IBS Precast Concrete Manufacturing.

In his current capacity, Mr Wong’s responsibilities have expanded to include overseeing international business development and operational functions, including the Manufacturing and Construction Divisions of MGB International For Industry. This division is a wholly-owned subsidiary of MGB Construction Sdn. Bhd., incorporated in Kingdom of Saudi Arabia (KSA). His oversight now extends to areas of Human Resource, Operation and Administration, Group Financial & Business Development, Integrated Engineering Division and VadTech (Value Driven Technology) Solutions which deliver comprehensive high quality and cost-competitive end-to-end technology solutions including continued management and evolving of the IBS Precast Concrete manufacturing.

He holds Bachelor of Building (Quantity Surveying) from University of South Australia, Australia. Additionally, he holds membership in Australia Institute of Quantity Surveyors, serves an Associate Member of the Malaysian Institute of Arbitrators and is affiliated with the 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 served as an Associate Quantity Surveyor Consultant in construction industry. With an extensive background spanning over 28 years, he brings a wealth of experience across diverse facets of the construction sector, with a focus on building and infrastructure projects, as well as involvement in oil and gas-related fields. His expertise encompasses a broad spectrum, actively contributing to pre and post-building contract implementation, EPCC contracts and proficiency in costing and feasibility studies.

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

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

# 01.

About This Report

## Profiles of Key Management

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**MR CHEW**

**WEE SEONG**

Deputy Chief Executive Officer

**Gender:** Male

**Age:** 53

**Nationality:** Malaysian



**Mr Chew Wee Seong** (“Mr Chew”) was appointed as Deputy Chief Executive Officer on 3 August 2023, transitioning from his previous position as Chief Operating Officer (“COO”). In his current position, he is responsible for overseeing the Group’s corporate functions including Accounts, Account Payable, Legal, Treasury & Investor Relations, Secretarial & Corporate Affairs and Corporate Control Department.

He holds a Bachelor of Finance degree from St. Cloud State University in the United States and earned an MBA with Merit from Cardiff Metropolitan University in Cardiff, United Kingdom. Additionally, he is a licensed professional property manager registered with the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP) to practice property management under the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 (as amended) (Act 242).

Mr Chew held the position of Head of Credit Administration Department with a prominent local bank. With over five (5) years of working experience in the banking and finance sector, he acquired extensive expertise in various areas including credit processing, marketing, credit control and review, security and risk management and consumer banking operations. His previous roles also equipped him with training in marketing, financial management and planning skills.

Mr Chew became a part of LBS Bina Group Berhad (“LBGB”) Group in August 2000, where he immersed himself in the field of property development. Throughout his tenure with LBGB Group, he has undertaken various roles and responsibilities, encompassing customer service, maintenance, sales and marketing, credit administration and property management for LBGB Group projects. This extensive experience has provided him with a deep understanding of the intricacies involved in property development and management.

He assumed the role of Chief Executive Officer (“CEO”) of the Company from August 2014 to November 2016, before he was re-designated as COO of the Company until August 2023. During his tenure as CEO of the Company, he managed the corporate functions of the Group, and supervised the day-to-day operations of both construction and manufacturing. His leadership led to a significant achievement as he successfully transformed the Company from a loss-making to a profitable entity. Moreover, he played a crucial role in lifting 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

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**MR LAU CHEE TAT**

Chief Executive Officer,  
International Division

**Gender:** Male

**Age:** 51

**Nationality:** Malaysian

**Mr Lau Chee Tat** (“Mr Lau”), previously held the position of Chief Executive Officer of MGB SANY (M) IBS Sdn. Bhd. effective 1 July 2020. In this capacity, he oversaw the manufacturing operations of Industrialised Building System (IBS) precast products. Subsequently, on 1 September 2023, he assumed leadership of the International Division as its Chief Executive Officer (“CEO”). In this capacity, he oversees the operations of MGB International For Industry, a wholly owned subsidiary of MGB Construction Sdn. Bhd. located in the Kingdom of Saudi Arabia (KSA). As CEO, Mr Lau is responsible for spearheading strategic initiatives and ensuring operational excellence across the division.

Mr Lau holds a Bachelors of Computer Science (Hons) from the University Science of Malaysia, graduating in 1997. With over 21 years of experience in business development, he has held senior management positions, particularly in the telecommunications and IT industry. His expertise spans both local and international markets, with a focus on business development.

Before assuming his current role, Mr Lau joined MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.), a subsidiary of the Company in 2017 as the General Manager of Business Development. He was then promoted to the position of General Manager of MGB SANY (M) IBS Sdn. Bhd. where he successfully set up two (2) manufacturing plants with total annual production capacity of approximately 6,000 units of properties.

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

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**IR ONG LEK SHOEN**

Chief Operating Officer,  
Integrated Engineering Division

**Gender:** Male

**Age:** 51

**Nationality:** Malaysian

**Ir Ong Lek Shoan** (“Ir Ong”) assumed the role of Chief Operating Officer, Infrastructure on 1 June 2021. In this capacity, he oversees the primary infrastructure and water treatment projects within the Group. Subsequently, on 1 November 2023, he transitioned to the role of Chief Operating Officer, Integrated Engineering Division.

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

With over twenty-eight (28) years of working experience in project management and property development, Ir Ong has held key positions in various property development companies including prominent public listed companies such as Glomac Berhad and Hua Yang Bhd. Prior to joining MGB Group, he served as the Project Director of Petaling Tin Bhd, where he spearheaded projects development initiatives across Selangor, Negeri Sembilan and Sabah, demonstrating exceptional leadership and strategic acumen.

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.

# O1.

About This Report

## Profiles of Key Management

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### MS TAN SUAN SUAN

Head of Department of Treasury & Investor Relations

**Gender:** Female

**Age:** 41

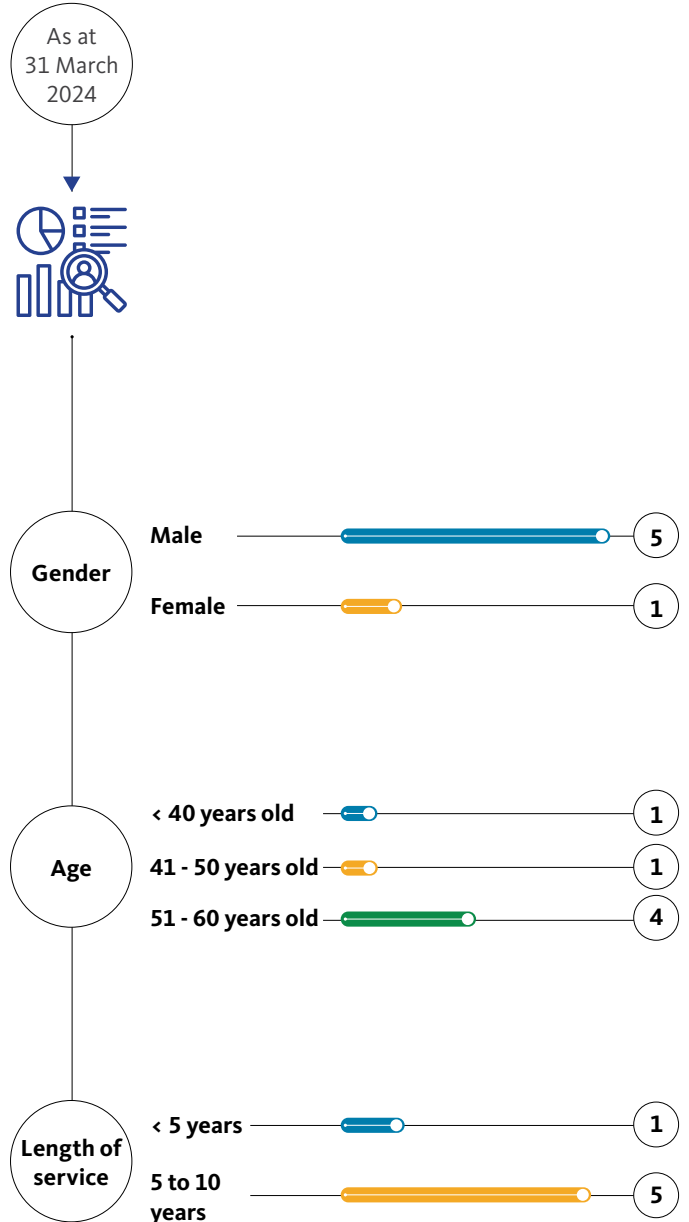
**Nationality:** Malaysian

**Ms Tan Suan Suan** (“Ms Tan”), appointed as Head of Department of Accounts & Finance of the Company on 1 January 2018, has been entrusted with the pivotal role of leading and overseeing the entire accounting and finance functions within the Group. This encompasses statutory reporting, as well as matters pertaining to banking and finance. Her contributions to the Company took a new direction on 1 June 2022, when she transitioned to the role of 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 holds memberships with both the Malaysian Institute of Accountants (MIA) and Certified Practising Accountants (CPA), Australia. Commencing her career journeys with Messrs. Ernst & Young (“EY”) in 2005, Ms Tan has amassed extensive experience in audit advisory services over the years. Her professional expertise extends to auditing listed entities across diverse sectors such as property development, construction, manufacturing, concessionaire and food and beverages.

Before joining the Company, Ms Tan served as the Head of Department of Account & Finance at Kerjaya Prospek Group Berhad. In this capacity, she assumed responsibility for the comprehensive management of accounting and finance functions. Notably, she played a pivotal role in driving corporate restructuring exercise and successfully orchestrated a significant merger and acquisition, accompanied private placement of shares. In addition to her financial responsibilities, Ms Tan also actively supported the Group Managing Director in matters concerning investor relations and analyst briefings, showcasing her ability to navigate both financial and strategic aspects of business operations.

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.



# TRIBUTE FOR

D A T O '   
A B D U L M A J I T   
B I N A H M A D   
K H A N



**It is with a sense of deep reverence and admiration that we present a heartfelt tribute to Dato' Abdul Majit bin Ahmad Khan ("Dato' Majit"). Dato' Majit concludes a remarkable nine-year tenure as the Independent Non-Executive Chairman, leaving an indelible mark on MGB Berhad's legacy.**

Dato' Majit's stewardship at MGB Berhad is distinguished by an unparalleled blend of vision, wisdom and unwavering integrity. His resolute commitment to upholding the pinnacle of corporate governance standards has been pivotal in steering the company through a spectrum of challenges with resounding success. Under his discerning guidance, our board has evolved into an exemplar of transparency, accountability and sustainable practices within the complexities of the construction and property development sector. His rare fusion of leadership qualities has left an indelible mark, shaping MGB Berhad into an industry benchmark for ethical conduct and responsible corporate governance.

A maestro in cultivating a culture of open dialogue and collaboration, Dato' Majit's sagacious decision-making and insightful contributions have not only shaped our strategic trajectory but have also woven an enduring thread into the very fabric of our corporate governance framework.

Throughout his nine-year sojourn with MGB Berhad, Dato' Majit's leadership has been synonymous with an unwavering commitment to excellence and an acute focus on the welfare of stakeholders. His visionary approach has not only set a gold standard for ethical conduct but has also served as a beacon, inspiring all members of our organisation to aspire to greater heights.

As we bid farewell to Dato' Majit in his esteemed role as Independent Non-Executive Chairman, MGB Berhad extends its deepest gratitude for the profound impact he has had on our organisation. His legacy, etched with professionalism, resilience and ethical fortitude, will undoubtedly resonate within the annals of our corporate history.

We wish Dato' Majit continued success in all his future endeavors, with the utmost confidence that his influence will reverberate far beyond the boardroom. May his legacy endure as a timeless source of inspiration for future leaders, showcasing the transformative power of principled leadership at MGB Berhad.



Section

# 02.

## PERFORMANCE REVIEW

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MGB  
BERHAD

Annual  
Report  
2023

# Financial Calendar

Financial Year Ended 31 December 2023

## Announcement of Quarterly Results:

**18 May 2023**  
First Quarter ended  
31 March 2023

**18 August 2023**  
Second Quarter ended  
30 June 2023

**20 November 2023**  
Third Quarter ended  
30 September 2023

**19 February 2024**  
Fourth Quarter ended  
31 December 2023

**30 April 2024**  
Publishing of  
Annual Report

**22nd Annual  
General Meeting**  
13 June 2024

## MGB at a Glance

as at 31 December 2023



Revenue

**RM971,828,165**



Built more than

**25,000** properties



Construction Project  
Outstanding Order Book

**RM1.14** billion



Property Development  
Unbilled Sales

**RM0.64** billion



Total no. of employees

**718**

## O2.

Performance Review

# Group's Financial Highlights

Financial Year Ended 31 December	2019 <sup>1</sup> (RM'000)	2020 <sup>2</sup> (RM'000)	2021 (RM'000)	2022 (RM'000)	2023 (RM'000)
Revenue	756,146	563,274	593,759	612,801	<b>971,828</b>
Profit Before Tax	20,905	23,373	39,977	25,612	<b>69,207</b>
Profit for the Financial Year	12,481	14,003	26,578	14,212	<b>50,462</b>
Share Capital	388,186	388,186	388,186	388,186	<b>388,186</b>
Equity Attributable to Owners of the Parent	456,713	470,618	497,702	507,385	<b>552,925</b>
Net Tangible Assets	200,190	215,576	242,341	251,836	<b>296,920</b>
Basic Earnings per Share (sen)	2.71	2.86	5.18	2.55	<b>8.14</b>
Gross Dividend per Share (sen)	-	-	0.91*	0.50 <sup>#</sup>	<b>0.81<sup>##</sup></b>
Net Assets per Share (sen)	91.04	93.81	84.12	85.76	<b>93.45</b>
Net Tangible Assets per Share (sen)	39.91	42.97	40.96	42.56	<b>50.18</b>
Total Assets	968,580	963,482	938,064	916,758	<b>1,123,028</b>
Total Borrowings	159,375	175,396	86,487	113,933	<b>94,051</b>
Net Gearing Ratio	0.28	0.22	0.09	0.12	<b>0.07</b>
Market Capitalisation	326,074	300,992	428,948	307,659	<b>396,407</b>

### Remarks

<sup>1</sup> The comparative figures have not been restated following the adoption of IFRIC Agenda Decision.

<sup>2</sup> 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.

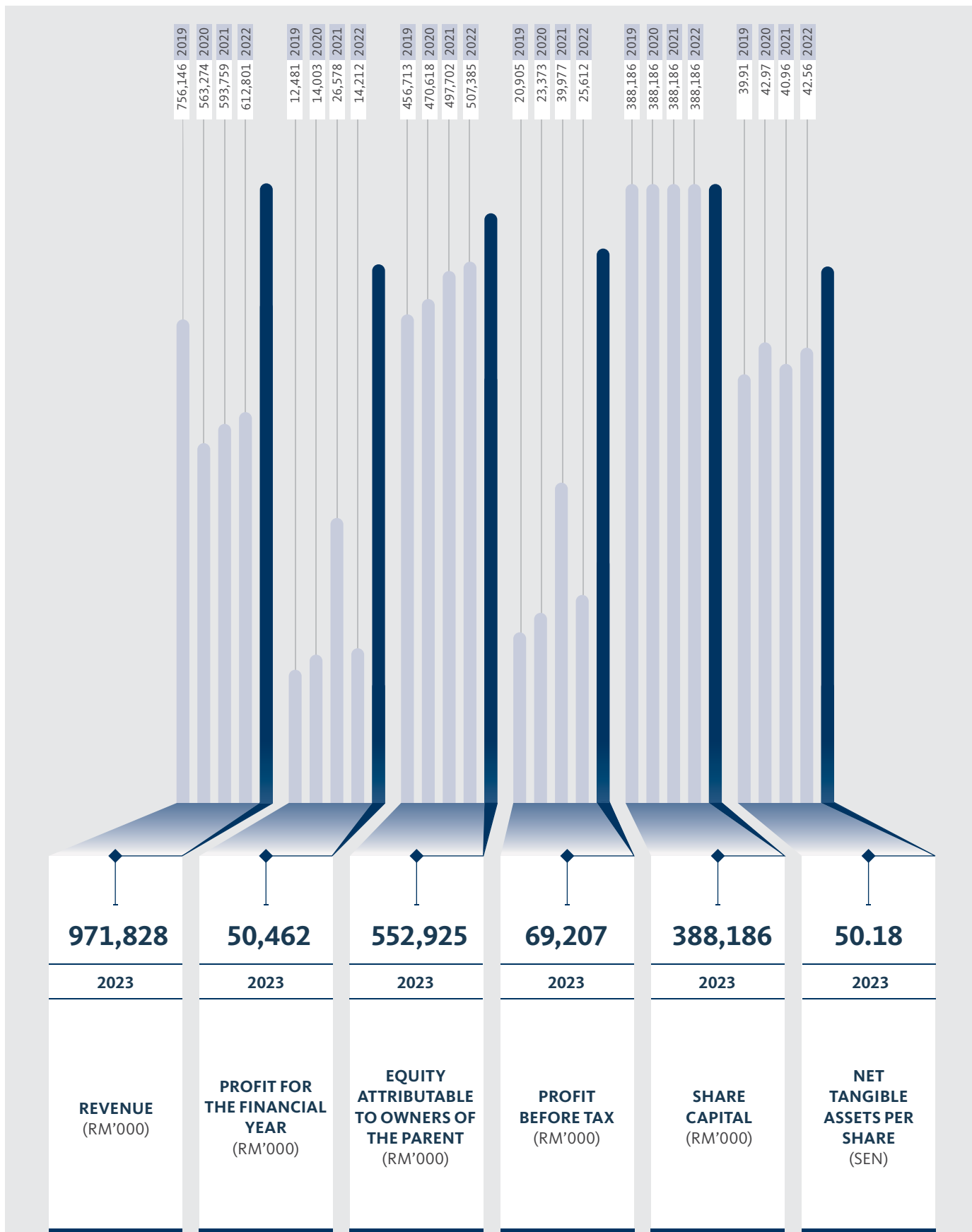
<sup>#</sup> A first interim dividend of RM0.00249 per ordinary share, paid on 30 March 2023.

<sup>#</sup> A final dividend of RM0.00250 per ordinary share, approved by the shareholders at the Annual General Meeting held on 20 June 2023, paid on 20 July 2023.

<sup>##</sup> A first interim dividend of RM0.00815 per ordinary share, paid on 29 March 2024.

<sup>##</sup> A final dividend of RM0.00818 per ordinary share will be proposed for shareholders' approval at the forthcoming 22nd Annual General Meeting.

Group's Financial Highlights



## Chairman's Statement

**Tan Sri Dato'**

**Sri Ir. (Dr.)**

**Lim Hock San, JP**

Group Executive Chairman

### **DRIVING PROGRESS, ACCELERATING GROWTH**

**“Continuously seeking better ways forward, MGB's growth momentum was unleashed in FY2023, driven by higher contributions from both the construction and trading segment as well as the property development segment. Construction and trading experienced a 45% increase in revenue, reaching RM856.24 million, while property development improved four-fold to RM115.59 million. Coupled with our focus on strategic decision making and the relentless pursuit of operational efficiency, we achieved record breaking net profit for FY2023.”**

**Dear**

**Shareholders,**

On behalf of the Board of Directors of MGB Berhad (“the Company”) and its subsidiaries (collectively known as “the Group”), I take great pride, in my inaugural year as Chairman, to present the Group's annual report for the financial year ended 31 December 2023 (“FY2023”).



## Chairman's Statement



Revenue

RM971.83 million

increased 59%



Net Profit

RM48.17 million

increased 219%



Earnings per Share

8.14 sen

FY2022 2.55 sen



Price-to-Earnings Ratio

8.23 times

as at 31 December 2023

2023 proved to be a challenging year on a global scale marred by geopolitical issues such as the ongoing Russia-Ukraine and Israel-Palestinian conflicts, ultimately leading to an estimated global growth of 3.1% and a volatile landscape laced with tighter financial conditions. Slower economic growth was also experienced locally during the year, with around 3.7% GDP growth registered for 2023 against the targets of 4.0% to 5.0%. This is mainly attributed to the prolonged weakness of external demand.

Despite operating amidst these challenges, this was a year of rebounding success for MGB. Providing innovation, efficiency and sustainability for the country's construction sector, the Group was well positioned for robust growth as Malaysia's construction sector grew 6.1% in 2023 underpinned by continued growth in civil engineering as well as residential buildings. As a result, total recorded revenue increased 59% to RM971.83 million while net profit surged three-fold, increasing 219%, to RM48.17 million.

In line with our Dividend Policy to declare and pay a minimum dividend of 20% of profit after taxation and minority interest based on ordinary profits, MGB's record earnings for the year yielded fruitful dividends to our shareholders for their faith in the Company's performance. Earnings per share rose to 8.14 sen from 2.55 sen in financial year ended 31 December 2022 ("FY2022"), as a result, we delivered a price-to-earnings ratio of 8.23 times based on the closing share price of 67 sen as at 31 December 2023.

#### • THE YEAR'S ACHIEVEMENTS

MGB's construction and trading segment remained the Group's main revenue contributor, driven by projects such as Idaman BSP, KITA Sejati, Prestige, KITA Mekar and Melodi Perdana. The segment delivered a 45% gain in revenue that amounted to RM856.24 million. This was supported by the property development segment's revenue increase of 386% to RM115.59 million, attributed to higher progress billings for the Idaman Melur, Idaman Cahaya Phase 1 & Phase 2, Idaman Sari and Saujana Indah Phase 1 projects, along with the delivery of vacant possession for Laman Bayu Phase 3 and Phase 4 projects.

Leveraging on enhanced efficiencies, we delivered over 25,000 properties for the year with over 10,000 units of properties completed using Industrialised Building System ("IBS") precast concrete, an advanced construction process using prefabricated concrete slabs to be installed on-site. Our expertise with IBS, together with long-term supply contracts and good working relationships with suppliers, helped to mitigate challenges linked to a general rise in the costs of raw materials and a shortage of skilled labour.

 More information on the Group's IBS applications is detailed on page 37 (Note: table for this is inserted in MD&A.).

A significant milestone was marked with the pioneering incorporation of an overseas subsidiary which has subsequently entered a Joint Venture Agreement in the Kingdom of Saudi Arabia with Sany Alameriah Industrial. This first step forward presents a unique opportunity for us to expand our presence, made possible through meticulous market research and support from MGB as the parent company.



Memorandum of Understanding entered with Almq Development Co. and Alameriah Real Estate Development Company on 21 October 2023

Chairman’s Statement



“

One of the Group’s core priorities is to pioneer the path to Net Zero Carbon Emissions through continuous innovation, high performance, and meaningful partnerships, catalysing the baseline to realise a greener, brighter future.


”



• DELIVERING VALUE FOR STAKEHOLDERS

One of the Group’s core priorities is to pioneer the path to Net Zero Carbon Emissions through continuous innovation, high performance, and meaningful partnerships, catalysing the baseline to realise a greener, brighter future. To fulfil our commitment to our stakeholders, communities and environment as one of the nation’s fastest-rising construction and property developers across Peninsular Malaysia, it is paramount to constantly conceptualise strategies that reliably optimise impactful value across all fields of operations for the short, medium and long-term.

On that note, we have established our Roadmap towards Net Zero Carbon Emissions 2050 that clearly and concisely outlines the Group’s overall strategy in achieving decarbonisation across the entire spectrum of the MGB’s operations based on set milestones and established key performance indicators. It serves as a guide for the Group’s efforts and priorities towards minimising carbon footprint while maximising positive impact on the environment and tomorrow’s generations.

 More information on the Group’s Net Zero Carbon Emissions 2050 Roadmap is detailed on page 72.

We have kick-started our commitment to Net Zero Carbon Emissions by 2050 by striving towards measurable short-term KPIs which will lay the foundation for medium-term 2030 sustainability goals, outlined by two (2) key strategies and six (6) climate actions to be implemented towards achieving greater climate resilience for future generations.

Together with this new Roadmap, we have launched several other progressive initiatives. On 6 October 2023, we initiated a collaboration with LBS Bina Group Berhad (“LBS”) to form a consortium comprising LBS, MGB, Midwest Green Sdn. Bhd. and Malaysian Green Technology and Climate Change Corporation (MGTC), formed with the primary objective of revolutionising the nation’s solar energy landscape through the integration of cutting-edge green technologies into the next evolution of solar farming. The venture will encompass innovations such as Carbon Capture Storage (CCS), crop cultivation, water harvesting and more.

We have also established Internal Carbon Pricing at RM20 per tonne of CO<sub>2</sub>e by focusing on Scope 2. This approach accelerates internal decarbonisation for carbon reduction and removal efforts. The Group has also rolled out the first MGB Green Day, which hosted various activities and initiatives related to pollution management and waste management.

Chairman’s Statement

**OUR APPROACH TO NET ZERO CARBON EMISSIONS BY 2050 ROADMAP**  
 In our commitment to achieve Net Zero Carbon Emissions by 2050, we have set measurable short-term, medium-term and long-term key performance indicators.

**2025**  
**Halving Emissions**  
 In our commitment to achieve Net Zero Carbon Emissions by 2050, we signed up as a signatory to the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to halving our carbon emissions by 2025 through 2 strategies and 6 climate actions:

- Carbon Storage or Capture
- Investing directly / indirectly in large-scale solar farms

**2030**  
**Long Term Strategy : Climate Action**  
 In our pursuit of achieving our commitment to reach Net Zero Carbon Emissions by 2050, we will be prioritising through 2 climate actions:

- Carbon Storage or Capture
- Investing directly / indirectly in large-scale solar farms

**2050**  
**Achieve Net Zero Carbon Emission**

Key Highlights



MGB’s construction and trading segment remained the Group’s main revenue contributor, driven by projects such as Idaman BSP, KITA Sejati, Prestige, KITA Mekar and Melodi Perdana.



We have also established Internal Carbon Pricing at RM20 per tonne of CO<sub>2</sub>e by focusing on Scope 2.



MGB attained the Silver award under the Construction category in The Edge Malaysia’s ESG Awards 2023.



MGB has also adhered to the Corporate Governance Guide 4th Edition by Bursa Malaysia Berhad.

These sustainability efforts have been lauded by several industry accolades. In particular, MGB attained the Silver award under the Construction category in The Edge Malaysia’s ESG Awards 2023 - a collaborative effort between Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and FTSE Russell that is evaluated based on FTSE Russell’s ESG rating methodology. Recipients of this award are carefully selected by a distinguished panel of official auditors from Deloitte, known for their extensive expertise in assessing corporate and sovereign risk.

• UPHOLDING GOVERNANCE STANDARDS

The proper implementation of internal processes, procedures and policies is crucial towards ensuring orderly operations and responsible decision-making in the best interests of stakeholders. In line with this, we have continued to uphold and build upon the existing enterprise risk management (“ERM”) framework established back in 2022.

All identified risks throughout 2023 were navigated through this extensive ERM framework and Corruption Risk Management plans, with compliance, financial, operational and strategic risks, and corruption as well as bribery risks mitigation measures are being monitored. This framework continues to be monitored and updated regularly for any new risks, specifically instances where new departments are formed or consolidated.

In addition to Bursa Malaysia Listing Requirements, Capital Markets and Services Act 2007 (CMSA), MGB has also adhered to the Corporate Governance Guide 4th Edition by Bursa Malaysia Berhad. With this, the Company has performed annual assessments on Board & Board Committee performances, as well as individual directors’ performance.

# O2.

Performance Review

## Chairman’s Statement



Letter of Intent entered between MGB, Malaysian Green Technology and Climate Change Corporation, LBS Bina Group Berhad, the holding company of MGB, and Midwest Green Sdn. Bhd. on 6 October 2023

pg.  
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“  
**Within this relatively stable environment, MGB targets to secure new government projects, while remaining anchored on steady demand from LBS.**  
 ”

### • OUTLOOK & PROSPECTS

The overall global growth outlook for 2024 is uncertain and may be adversely impacted by the risk fluctuations in commodity prices and escalation of geopolitical tensions. However, the Malaysian economy is expected to improve in 2024, primarily driven by external trade recovery and resilient domestic expenditure. Monetary policy stance remains supportive of sustainable domestic growth, with overnight policy rate (OPR) remaining at 3.0%.

Within this relatively stable environment, MGB targets to secure new government projects, while remaining anchored on steady demand from LBS. Continuous efforts will be focused on improving our expertise in the construction of affordable homes, through relentless pursuit for technological innovation and progress in its respective fields. MGB will continue to innovate and improve its VadTech methodology, which we have done throughout the year by increasingly digitalising our operations through software such as BIM, Revit, Laserfinch and ERP to further benefit from increased efficiencies.

At the same time, MGB will continue to champion greater environmental stewardship, social responsibility and sound governance practices in line with our curated Roadmap towards achieving Net Zero Carbon Emissions by 2050. We strongly reaffirm our commitment to elevating ESG standards, effectively integrating these core principles through both short-term and long-term strategies which involve proactive measures such as an impactful decarbonisation strategy featuring internal carbon pricing, adoption of sustainable procurement and supply chain practices, and the introduction of an innovative green lease programme in collaboration with our valued tenants.

Abroad in the Kingdom of Saudi Arabia, we have received the first order for the supply and installation of precast concrete products for 400 villas in the prestigious Roshn Alarous Project in the north of Jeddah. With this, we intend to demonstrate the fullest extent of our expertise in manufacturing, embracing digitalisation with the installation of IBS precast concrete products with our strategic collaboration with Nordimpianti System S.R.L. and MCT Italy S.R.L..

## Chairman's Statement



Ritma Perdana @ Alam Perdana

## • ACKNOWLEDGEMENTS

I take this opportunity to offer my sincere appreciation to my exceptional team members for their individual roles in realising a great year in spite of ongoing global challenges. I acknowledge and am grateful for the unyielding dedication of our employees and management teams in driving the Group's growth to even greater standards as each year progresses.

My utmost thanks go out to my fellow Board members for guiding us to yet another critically successful year. In particular, I would like to acknowledge Dato' Abdul Majit bin Ahmad Khan for his contributions and steadfast vision throughout the years, and wish him well upon his retirement as an Independent Non-Executive Chairman effective on 15 January 2024. The year's achievements are a testament to the sterling leadership he has displayed in paving the way forward towards achieving MGB's vision.

I would also like to welcome Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali as new Independent Non-Executive Directors upon their appointments on 18 December 2023 and 15 January 2024 respectively. Their skills and expertise will bolster the capabilities of the Board and provide fresh perspectives for the upcoming year.

To MGB's dedicated team of management and employees, thank you for your undaunted spirit in the face of the year's challenges. You have been the key drivers of the Group's remarkable performance this year.

Finally, my gratitude is extended to our esteemed shareholders, business partners, and clients for their collective backing throughout the year. Your unwavering support enables us to achieve greater innovations and drive continuous progress.

Thank you.

**Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP**  
Group Executive Chairman

## Key Highlights



**Abroad in the Kingdom of Saudi Arabia, we have received the first order for the supply and installation of precast concrete products for 400 villas in the prestigious Roshn Alarous Project in the north of Jeddah.**

# Awards & Recognitions



## MOSHPA

1. **12th MOSHPA OSH Excellence Award 2016**  
Gold
2. **13th MOSHPA OSH Excellence Award 2017**  
Gold Platinum
3. **14th MOSHPA OSH Excellence Award 2018**  
Platinum
4. **15th MOSHPA OSH Excellence Award 2019**  
Platinum Premier
5. **16th MOSHPA OSH Excellence Award 2020**  
Platinum Diamond
6. **17th MOSHPA OSH Excellence Award 2021**  
Diamond
7. **18th MOSHPA OSH Excellence Award 2022**
8. **19th MOSHPA OSH Excellence Award 2023**  
Diamond

## CIDB

9. **Construction Industry Development Board Malaysia**  
Certificate of Registration (Grade 7) – MGB Construction & Engineering Sdn. Bhd.
10. **Construction Industry Development Board Malaysia**  
Certificate of Registration (Grade 7) – MGB Sany (M) IBS Sdn. Bhd.
11. **Construction Industry Development Board Malaysia**  
Certificate of Achievement (5 Star SCORE rating) – MGB Construction & Engineering Sdn. Bhd.

Awards & Recognitions

QMS

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

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

EMS

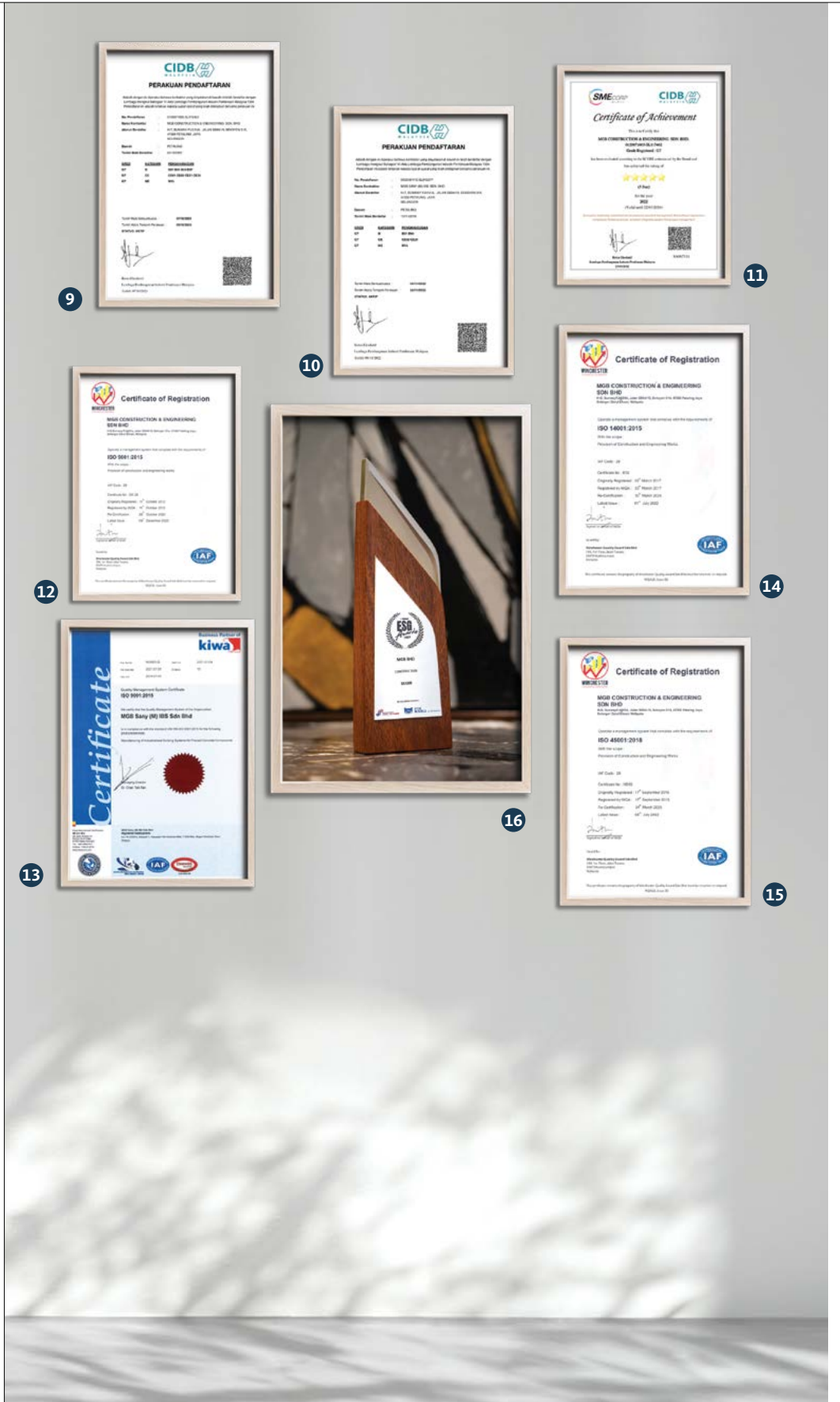
**14. Environmental Management System ISO 14001:2015**  
MGB Construction & Engineering Sdn. Bhd.

OHSAS

**15. Occupational Health and Safety Management System ISO 45001:2018**  
MGB Construction & Engineering Sdn. Bhd.

ESG

**16. The Edge Malaysia ESG Award 2023**  
Construction – Silver – MGB Berhad



## Management Discussion and Analysis

**Datuk Wira**

**Lim Hock Guan, JP**

Group Managing Director

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.

**“At MGB’s core, we believe in the relentless pursuit of progress and the acceleration of growth. This year’s tagline, ‘Driving Progress, Accelerating Growth’ encapsulates our commitment to innovation, efficiency, and fostering sustainable development. By continuously pushing the boundaries of what’s possible and facilitating rapid expansion, we aim to create value for our stakeholders, empower our teams, and contribute to a future of sustainable prosperity.”**

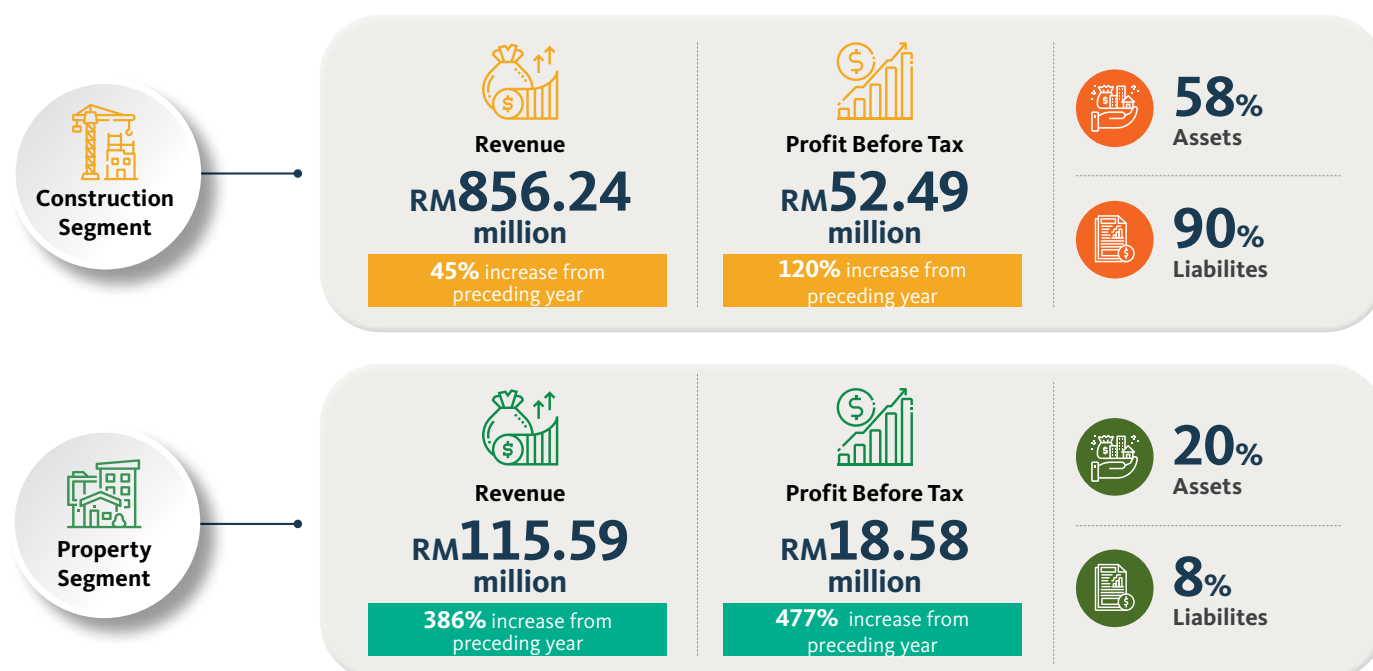


## Management Discussion and Analysis

### • OVERVIEW OF THE GROUP'S PERFORMANCE & OPERATIONS

With the attainment of record-breaking numbers, 2023 proved to be a progressive year for MGB Group in our aspirations towards being Malaysia's premier construction partner with a specialisation in design and build projects and general construction for residential, commercial and industrial buildings.

The overall completion of more than 25,000 properties nationwide as well as our first venture overseas, heralded record-breaking revenue of RM971.83 million, representing an increase of approximately RM359.03 million compared to the preceding year. The bulk of this was from the construction segment, which remained the Group's main revenue contributor with revenue of RM856.24 million for FY2023, an increase of RM267.24 million from the preceding year. Meanwhile, the property segment also delivered substantial revenue of RM115.59 million, an increase of RM91.78 million from FY2022.



Expanding on these figures, the Group's Profit Before Tax ("PBT") recorded an increase of RM43.60 million, while the Group's total assets and total liabilities stood at RM1,123.03 million and RM568.51 million respectively as at 31 December 2023. Approximately RM648.46 million or 58% of assets and RM512.16 million or 90% of liabilities hailed from the construction segment.

These exemplary results are primarily bolstered by increases in sales and productivity of our work. In total, we were awarded a total of eight (8) new projects in FY2023, with all ongoing project costs progressing within planned preliminary budgets.

Total Revenue by Division	2023 (RM)	2022 (RM)
Construction & Trading	856,236,543	588,992,299
Property Development	115,591,622	23,808,915

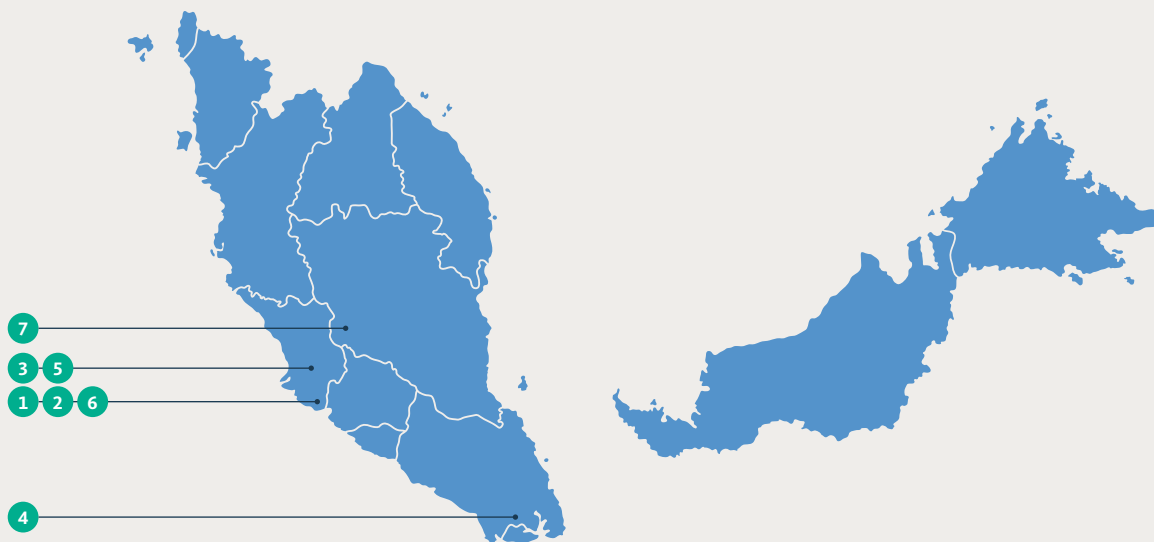
Total Profit before Taxation by Divison	2023 (RM)	2022 (RM)
Construction & Trading	52,491,157	23,820,020
Property Development	18,576,117	3,217,741

## O2.

Performance Review

### Management Discussion and Analysis

#### Projects awarded in 2023



No.	Name	Location of Project	Property Type & number of units	Commencement Date	Contract Value (RM)
1	Astella	D'Island Residence, Puchong, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Double-Storey Terrace House - 155 units	22 March 2023	46,804,000
2	Idaman Sari	Seksyen 200 Kanun Tanah Negara (KTN), Taman Abadi Heights, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Affordable Apartment - 513 units	1 April 2023	102,800,000
3	Idaman Cahaya 1	Seksyen U12, 40170 Shah Alam, Selangor Darul Ehsan	Affordable Apartment - 568 units	1 June 2023	118,997,374
4	Pangsapuri Saujana Indah	Mukim Plentong, Daerah Johor Bahru, Johor Darul Takzim	Piling Works Served Apartments - 988 units	2 May 2023 1 November 2023	10,295,600 193,946,793
5	Idaman Cahaya 2	Seksyen U12, 40170 Shah Alam, Selangor Darul Ehsan	Piling works Affordable Apartments - 872 units	16 May 2023 18 September 2023	3,839,400 167,982,180
6	Kita Bestari	Tanah Simpanan Melayu Dengkil, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan	Single-Storey Terrace House - 413 units; Double - Storey Terrace House - 76 units; Double - Storey Townhouse - 328 units	1 September 2023	156,832,008
7	Bayu Hill	Genting Highlands, Mukim & Daerah Bentong, Pahang Darul Makmur	Served Apartment - 642 units	4 March 2024	167,752,129

## Management Discussion and Analysis

Datuk

Lim Lit Chek

Executive Director &  
Chief Executive Officer

“  
As part of a comprehensive sustainability strategy, we have detailed a comprehensive roadmap towards achieving Net Zero Carbon Emissions by 2050.  
”

• UPHOLDING COMMITMENTS.  
ADVANCING SUSTAINABILITY

MGB has been on overdrive to endeavour toward more impactful sustainable practices. With the future of the coming generations in our sight, we believe that sustainable development is not merely a choice; it is a responsibility we owe to our planet and the communities we serve. In tandem with this, in May 2023, we reaffirmed our commitment to the Task Force on Climate-related Financial Disclosures (“TCFD”). As part of a comprehensive sustainability strategy, we have detailed a comprehensive roadmap towards achieving Net Zero Carbon Emissions by 2050.

This approach encompasses both short-term and long-term strategies, with a strong emphasis on integrating greater ESG principles into our business strategy and operations, which involve proactive measures such as an impactful decarbonisation strategy featuring internal carbon pricing, adoption of sustainable procurement and supply chain practices, and the introduction of an innovative green lease programme in collaboration with our valued tenants.

Currently within our operations, the use of innovative, sustainable construction practices is comprehensively applied in all of the Group’s projects. The use of IBS technology minimises construction waste, air and water pollution, and minimises construction time through prefabrication which significantly reduces environmental footprint linked to prolonged project durations.

## Management Discussion and Analysis

In addition, we embed sustainable construction practices such as renewable energy, efficient materials, waste reduction and water conservation for long-term environmental benefit. Our steadfast adherence to environmental regulations across all projects ultimately demonstrates our unwavering commitment to responsible construction, with these standards monitored and maintained through periodic updates provided by Group Sustainability during quarterly Sustainability Committee meetings.

Growing green awareness among employees, an inaugural MGB Green Day was launched promoting action through activities such as individual recycling, a preloved market and awareness talks. Other initiatives include the “Green Mission” campaign as part of a collective effort to promote tree planting and initiating the “Heroes for Change” (H4C) programme focused on providing insights into MGB’s sustainable policies with a reward system through activities such as idea pitches and an ESG quiz. We have also started incorporating values and ethical behaviour into performance evaluations and assessments, linking incentives or recognition through our H4C campaign to those that demonstrate these values in the company.

In parallel with green awareness, good governance practices are nurtured utilising programmes and policies to institutionalise our corporate values in everyday operations. Measures introduced during the year included the Anti-Bribery and Corruption (ABC) Policy e-learning module and quiz for employees, and the enhancement of our existing Human Rights Policy to ensure compliance with required disclosures for the FTSE4Good Bursa Malaysia index. This enhancement ensures that all employment within the MGB Group is carried out in accordance with the relevant employment laws and principles including, but not limited to, the Employment Act 1955 and the International Labour Organisation.

Additionally, we are continuously opening up new communication and feedback channels, enabling employees to share their thoughts on the company’s current alignment with the stated values, as well as allowing for open dialogue about potential improvements in any area of operation.

Several sustainable efforts have been recognised through industry achievements, key among which include the achievement of 5 stars and 93 score for Safety and Health Assessment System in Construction (SHASSIC) audit for the Kita Mesra site, as well as receiving the 19th MOSPHA OSH Diamond Award 2023 by Malaysian Occupational Safety and Health Practitioners.

### • EMPOWERING PEOPLE. EMBEDDING VALUES

Delivering value to the community, the Group launched a recent collaboration with LBS Bina Group Berhad (“LBS”) in our ongoing efforts to provide affordable, quality housing revolving around renewable energy to improve the lives of local families. Along with the integration of alternative energy sources such as Carbon Capture & Storage (CCS), a transparent progress tracking system has been implemented within our projects for oversight and monitoring purposes, ensuring clear communication for LBS and our stakeholders in monitoring construction and defect stages through new technologies.

Within the MGB community, we have also strived to elevate and upscale the capabilities of our talented team members to match our growing prospects and ambitions. For FY2023, several training sessions consisting of activities such as scenarios, discussions, and case studies were conducted to instil skills, values, and culture needed for an ideal productive workspace. Communication campaigns were also used to reinforce these values, done through channels such as newsletters, internal memos, engagement programmes, broadcasts or company-wide meetings.

In developing a more robust talent pool, high potential individuals at all levels of employment are selected for leadership training where they are given additional exposure and training geared towards high performance and responsible positions within the company, with an added emphasis on individual development.



Idaman BSP roof topping ceremony on 14 September 2023

## Management Discussion and Analysis

### • BUSINESS REVIEW

#### Construction & Trading Division

Our construction and trading division continued to be the primary revenue contributor of the Group, recording an all-time high income of RM856.24 million for FY2023. This result is primarily attributed to the timely completion of multiple key projects including Residensi Bintang Bukit Jalil, Mercu Jalil, Melodi Perdana, and Kita Ria projects.

In terms of measurable performance metrics, several key performance indicators (KPIs) and objectives were hit throughout this period. Primarily, this proved to be a productive year as we have exceeded our core objective of over RM900 million work done, hitting a record number of RM100 million work done in a month. We also made strides regarding the quality of this year's construction, with four (4) of our completed projects (Melodi Perdana, Mercu Jalil, Kita Ria, Residensi Bintang) attaining above 70% rating in the Quality Assessment System in Construction (QLASSIC).

In meeting quality targets, learning and development was one of the KPIs in 2023 with up to RM118,274 invested in human capital training to improve employee competencies and improve the quality of workmanship. To this end, a systematic and relevant training programme was implemented by the Quality Control department at all sites on 80% of ongoing projects.

The year's completed projects are listed below.

Projects Completed in 2023 (Construction)		
<b>1</b>  <b>KITA RIA @ CYBERSOUTH</b>	<b>2</b>  <b>MELODI PERDANA @ ALAM PERDANA</b>	<b>3</b>  <b>MERCU JALIL @ BUKIT JALIL</b>
Location: <b>Dengkil, Selangor</b>	Location: <b>Bandar Puncak Alam, Selangor</b>	Location: <b>Bukit Jalil, Kuala Lumpur</b>
Property Type & Number of Units: <b>Serviced Apartment - 812 units</b>	Property Type & Number of Units: <b>Apartments (Phase 1) - 878 units</b>	Property Type & Number of Units: <b>Apartments - 1,360 units</b>
Completion Date: <b>September 2023</b>	Completion Date: <b>October 2023</b>	Completion Date: <b>September 2023</b>
Contract Value: <b>RM122,300,130</b>	Contract Value: <b>RM121,951,595</b>	Contract Value: <b>RM262,378,226</b>



Residensi Bintang @ Mercu Jalil @ Bukit Jalil

# 02.

Performance Review

## Management Discussion and Analysis

### Projects Completed in 2023 (Construction)

4

#### RESIDENSI BINTANG @ BUKIT JALIL



Location:  
**Bukit Jalil, Kuala Lumpur**

Property Type & Number of Units:  
**Condominium - 1,342 units**

Completion Date:  
**December 2023**

Contract Value:  
**RM367,043,043**

5

#### \*LAMAN BAYU PHASE 3 & 4



Location:  
**Batu Pahat, Johor**

Property Type & Number of Units:  
**Double Storey Terrace - 118 units**

Completion Date:  
**December 2023**

Contract Value:  
**RM23,635,197**

6

#### \*IDAMAN CAHAYA 1



Location:  
**Seksyen U12, 40170 Shah Alam,  
Selangor Darul Ehsan**

Property Type & Number of Units:  
**Earthworks**

Completion Date:  
**July 2023**

Contract Value:  
**RM834,231**

pg.  
36

7

#### \*IDAMAN CAHAYA 1



Location:  
**Seksyen U12, 40170 Shah Alam,  
Selangor Darul Ehsan**

Property Type & Number of Units:  
**Piling Works**

Completion Date:  
**June 2023**

Contract Value:  
**RM3,048,395**

8

#### \*IDAMAN CAHAYA 2



Location:  
**Seksyen U12, 40170 Shah Alam,  
Selangor Darul Ehsan**

Property Type & Number of Units:  
**Earthworks**

Completion Date:  
**June 2023**

Contract Value:  
**RM1,178,420**

9

#### \*IDAMAN CAHAYA 2



Location:  
**Seksyen U12, 40170 Shah Alam,  
Selangor Darul Ehsan**

Property Type & Number of Units:  
**Piling Works**

Completion Date:  
**October 2023**

Contract Value:  
**RM3,839,400**

\* MGB internal projects.

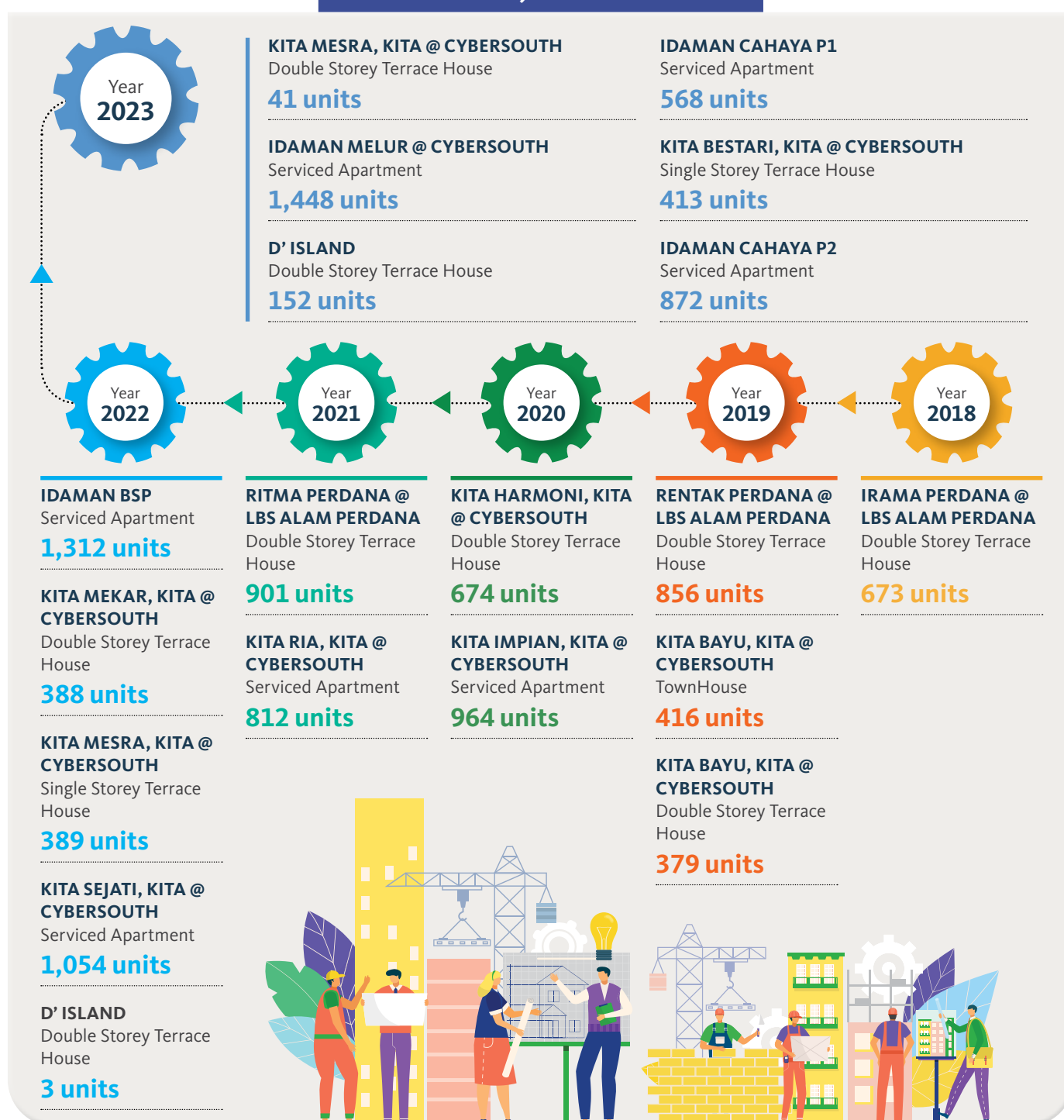
## Management Discussion and Analysis

### Leveraging on IBS

A key part of our construction operations throughout the recent years involved the heavy use of IBS technology. IBS technology and manufacturing enable advantages for the Group's core business through precast concrete components, leading to faster completion of projects without further reliance on foreign labour or negative environmental impacts such as construction waste, and air or water pollution.

To date, we have produced 12,315 units of housing utilising IBS, with our list of IBS projects since 2018 being listed in the accompanying table below:

**Total: 12,315 units**



# O2.

Performance Review

## Management Discussion and Analysis



Memorandum of Collaboration entered with Nordimpianti System S.R.L. and MCT Italy S.R.L. on 30 August 2023



“  
**The property development segment also saw an incredible level of growth in FY2023, seeing total revenue of RM115.59 million, which is a RM91.78 million increase compared to last year.**  
 ”

### Property Development Division

The property development segment also saw an incredible level of growth in FY2023, seeing total revenue of RM115.59 million, which is a RM91.78 million increase compared to last year.

This major increase and uptick in performance was catalysed by several launches in early to mid-2023, as well as delivery of vacant possession of Laman Bayu Phase 3 and 4. Additionally, all ongoing development projects have obtained BIM Level of Development (“LOD”) 300 except for Idaman Perdana, indicating completed design development and increased progress on all fronts regarding these projects. Progressing on these, MGB aims to achieve LOD 500 for most, if not all ongoing projects in the following year.

For this division, FY2023 also marked a continuation of MGB’s cooperation with the government as well as exploration of green product sourcing in their efforts to move towards greener, more affordable development.

The projects launched in 2023 under the property development division are as follows:

### Projects Launched in 2023 (Property Development)

1

#### IDAMAN CAHAYA, PHASE 1



Location:  
**Encorp Cahaya Alam, Shah Alam, Selangor**

Property Type & Number of Units:  
**Affordable Apartment - 568 units**

Launched Date:  
**March 2023**

2

#### IDAMAN CAHAYA, PHASE 2



Location:  
**Encorp Cahaya Alam, Shah Alam, Selangor**

Property Type & Number of Units:  
**Affordable Apartment - 872 units**

Launched Date:  
**April 2023**

3

#### IDAMAN SARI



Location:  
**Puchong, Selangor**

Property Type & Number of Units:  
**Affordable Apartment - 513 units**

Launched Date:  
**May 2023**

4

#### PANGSAPURI SAUJANA INDAH, PHASE 1



Location:  
**Plentong, Johor Bahru**

Property Type & Number of Units:  
**Apartment - 595 units**





Launched Date:  
**March 2023**



## Management Discussion and Analysis

### • RISKS & MITIGATION

For business operations to remain sustainable, it is crucial to identify and manage risks. During the year under review, MGB continues to use its established Enterprise Risk Management Framework which is benchmarked against the guidance issued by Committee of Sponsoring Organisation of the Treadway Commission (“COSO”) and ISO 31000 – Risk Management Principles and Guidelines to identify risks that may affect the operations of the Group. Key risks for the Group and current mitigation action plans are disclosed in the table below:

Risk Factor	Context	Mitigation Plans
 <b>Competition Risk</b>	The Group derives earnings mainly from the construction and trading division, which is contract-driven. MGB faces direct competition from existing companies as well as new entrants in the construction industry when submitting tenders for construction projects. Often, these companies would adopt aggressive pricing strategies that would impact the Group’s competitiveness and profit margin.	<ul style="list-style-type: none"> <li>Proactively seek new initiatives to drive operational efficiencies, including digitalising and automating construction processes using technology.</li> <li>Explore ways to reduce cost and material wastage such as utilising in-house IBS pre-cast products.</li> <li>Provide regular training to workers on latest technology adopted by the Group in order to increase internal efficiency, exposure and maximise productivity of workers.</li> </ul>
 <b>Single Customer Risk</b>	A significant portion of contracts in the orderbook are awarded by our immediate holding company, LBS.	<ul style="list-style-type: none"> <li>Participate actively in external tendering of projects to diversify revenue sources.</li> <li>Expansion of operations to overseas jurisdiction.</li> </ul>
 <b>Lower profit margins</b>	Due to external factors such as taxes, inflation, interest rates, regulatory changes, material prices, labour costs and supply chain volatility.	<ul style="list-style-type: none"> <li>Focused on diversification of revenue streams in 2023.</li> <li>Practice efficient cost management by negotiating with suppliers on bulk purchase to secure better pricing and terms.</li> <li>Diversify supplier base for essential raw materials.</li> <li>Reduce wastage of raw materials through more stringent operating procedures and monitoring using project management software.</li> <li>Adopt new technology such as BIM and prefabrication methods to offer opportunities for efficiency gains and cost savings.</li> </ul>
 <b>Higher customer expectations</b>	The expectation from customers, both business and end consumers demand for higher quality standards and shorter completion times.	<ul style="list-style-type: none"> <li>Improve quality control and final product standards.</li> <li>Develop a customer-centric approach to our construction projects and property development.</li> <li>Perform additional checks and reviews periodically on subcontractors and ongoing works.</li> </ul>

## Management Discussion and Analysis

### Key Highlights



**We look forward to the delivery of vacant possession for our first Idaman project, Idaman BSP, and expanding our presence especially on the back of our recent Saudi Arabia venture.**



**Focusing on developing a customer-centric approach to our construction projects and property development, we are also raising our quality standards (measured based on QCLASSIC) year on year.**



**The Group has plans for the years ahead to pursue the exploration of potential land banks and plausible collaborations with state governments on the further establishment of affordable and essential property.**

### • PROSPECTS MOVING FORWARD

Despite potential challenges such as interest rate hikes, our prospects for the year are backed by a positive forecast, with the construction sector slated to grow by 7% in 2024. Meanwhile, the property development market is also expected to remain positive and stable due to the OPR being maintained at 3%. This bodes well for our performance in 2024.

On the construction front, our developments remain leveraged and aligned with the government’s plan to construct 500,000 affordable homes by 2025 as part of the 12th Malaysia Plan, elevated by a variety of financing schemes to promote affordable home development and the government’s decision to subsidise cement prices for affordable housing. The existing construction segment orderbook of approximately RM1.14 billion and unbilled sales of RM0.64 billion from ongoing property development projects are factors that should contribute positively to next year’s earnings. We look forward to the delivery of vacant possession for our first Idaman project, Idaman BSP, and expanding our presence especially on the back of our recent Saudi Arabia venture.

Looking ahead, we aim to leverage on this year’s performance as a foundation to further our expansion, exploring revenue stream opportunities that drive meaningful value as well as crucial progress for the next generation and beyond. In optimising our outcomes, we have outlined our plans to improve in certain key areas through the following year:

#### Propelling Our Capabilities

We believe that the further refinement and optimisation of construction processes through capability building on all fronts of our operations – technological expertise, quality, resources, and manpower. These open up windows for the prioritisation of efficiency gains, cost-effectiveness, marketability and responsibility.

As such, we will continue to leverage on MGB’s innovative Value Driven Technology (VaDTech) and IBS along with other prefabrication methods, to drive value in all construction and development projects.

Focusing on developing a customer-centric approach to our construction projects and property development, we are also raising our quality standards (measured based on QCLASSIC) year on year. Fueling our core will be plans to upgrade the capabilities of our employees and infrastructure, done through further investments into human capital through training, increased digital adoption in business processes, data analytics and improved quality of workmanship.

#### Expanding Our Scope

Locally, we strive to continue innovating for our nation, developing affordable housing projects and infrastructure across the country above and beyond current scopes. Therefore, the Group has plans for the years ahead to pursue the exploration of potential land banks and plausible collaborations with state governments on the further establishment of affordable and essential property.

Additionally, we are looking to explore the diversification of revenue streams in 2024. Possible avenues that are currently being considered include strategic procurement practices such as bulk purchases, the consideration of alternative materials and suppliers, and continuing our ventures into Saudi Arabia and other new geographical and developing markets.

#### Championing Responsible Development

As per our 2050 roadmap, we have developed plans to further reduce our Greenhouse Gas (“GHG”) emissions towards the goals set for the upcoming year. These measures include the increased adoption of new green technologies such as solar, batteries and renewable energy sources to effectively reduce emissions produced from operations. These sustainable innovations are gradually being implemented across both divisions and will be utilised in the planning, development and construction of our projects.

## Projects Undertaken



Astella @ Puchong



Idaman BSP @ Bandar Saujana Putra



Idaman Cahaya @ Shah Alam



Idaman Melur @ Cybersouth



KITA Mekar @ Cybersouth



KITA Sejati @ Cybersouth



Melodi Perdana (Phase 2) @ Puncak Alam



Prestige @ Seri Kembangan

# O2.

Performance Review

## Projects Track Record



Barrington Square @ Cameron Golden Hills



BSP 21 @ Bandar Saujana Putra



Irama Perdana @ Alam Perdana



KITA Bayu @ Cybersouth



KITA Harmoni @ Cybersouth



M3 Mall @ Taman Melati



Somer Square @ Cameron Golden Hills



Mercu Jalil @ Bukit Jalil



SCAPES Hotel & Midhill Apartment @ Genting Highlands

# Projects Track Record



**BSP SkyPark @ Bandar Saujana Putra**



**Cameron Centrum @ Brinchang**



**KITA Impian @ Cybersouth**



**KITA Ria @ Cybersouth**



**Laman Bayu @ Batu Pahat**



**Rentak Perdana @ Alam Perdana**



**Residensi Bintang @ Bukit Jalil**



**SkyLake Residence @ Puchong**



**Melodi Perdana (Phase 1) @ Puncak Alam**



**Zenopy Residences @ Seri Kembangan**

Section

# 03.

# CORPORATE GOVERNANCE

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MGB  
BERHAD

Annual  
Report  
2023

# Sustainability Report

## COMPANY OVERVIEW

### • ABOUT THIS REPORT

#### Introduction

Venturing into a new year, MGB Berhad (“MGB” or “the Group”), remains committed to its efforts in strengthening economic, environmental, social, and governance (“EESG”) disclosures. In line with this commitment, the Group is proud to present the Sustainability Report for the year 2023 (“SR2023”). In this report, MGB has meticulously detailed its sustainability strategies and achievements between 1 January and 31 December 2023.

MGB believes that EESG efforts are integral to the Group’s business strategies. By listening to its stakeholders and finding out what topics matter the most to them, the Group can leverage its value chain and produce the best possible value – financial or otherwise. Likewise, with sustainability at the heart of its operations, MGB is better positioned to champion environmental stewardship and create positive socio-economic dynamics.

Through this report, MGB has strategically crafted a thorough accounting of the Group’s sustainability efforts and approaches in addressing critical material subjects. Through these initiatives, readers will be able to gain a better understanding of the Group’s vision and how it adds value to the environment and society.



**ECONOMIC PROSPERITY:**  
Pioneering sustainable innovation for cost-effective construction solutions and enhance resource efficiency.

Please refer pages 64 - 69



**CLIMATE RESILIENCE:**  
Building a sustainable future with next-gen climate-adaptive construction practices.

Please refer pages 70 - 83



**SOCIAL ENRICHMENT:**  
Foster inclusive and thriving communities and workforce through technology-enabled skills development, workplace safety initiatives, and accessible construction projects.

Please refer pages 84 - 95



**GOOD GOVERNANCE:**  
Establishing robust governance and ethical standards in the integration and deployment of advanced technologies within construction processes, ensuring transparency and accountability.

Please refer pages 60 - 63

### Reporting Framework

The SR2023 has been prepared in alignment with the following frameworks and guidelines as well as drawing from the industry best practices and other leading benchmarks:

- Bursa Malaysia’s Sustainability Reporting Guide Third Edition
- Global Reporting Index (“GRI”) Standards: Core Option
- FTSE4Good Bursa Malaysia Index
- Taskforce for Climate-related Financial Disclosures (“TCFD”)
- United Nations Sustainable Development Goals (“UNSDGs”)
- SASB Sector-Specific Disclosures



## Sustainability Report

### References

All mentions of “MGB,” “the Group,” or “its” shall refer to MGB Berhad unless otherwise stated.

### Reporting Period and Cycle

The SR2023 contains information for the Financial Year 2023 (“FY2023”) between 1 January to 31 December 2023. The Group has provided data for three years (FY2021-FY2023) wherever applicable. This allows for presenting trendlines that indicate general performance for key material topics.

### Statement of Use

The Board of Directors (“Board”) at MGB being the Group’s highest decision-making authority, acknowledges accountability for the subsequent statement of use: The information disclosed by MGB for FY2023 has been formulated in adherence to the GRI Standards.



*This report is generated in accordance with a resolution adopted by the Board on 15 April 2024.*

### Membership in Association

MGB is a member of the following professional bodies and industry associations:

- Malaysian Employer Federation (“MEF”)
- Construction Industry Development Board (“CIDB”)
- Master Builders Association Malaysia (“MBAM”)
- Real Estate & Housing Developers’ Association (“REHDA”)
- Federation of Malaysian Manufacturers (“FMM”)

### Reporting Scope and Boundary

The SR2023 has been scoped to include all relevant information related to MGB as a holding company, along with all relevant operating companies and subsidiaries. In cases where it is necessary, the Group shall also incorporate data on its value chain. This includes suppliers, business partners, contractors, vendors, and other service providers, as well as the Group’s associate companies and entities within the said value chain.

MGB would like to emphasise that it practices a “local-where-we-operate” policy.

### Limitations

MGB aims to collect and present the most relevant and up-to-date data within the SR2023. However, the Group acknowledges that there may be gaps in certain indicators. As such, MGB remains dedicated to continually refining the data collection mechanisms and providing accurate information based on its ability to collect meaningful data from official channels and records. This same standard is applied to collecting similar disclosures from the Group’s supply chain.

### Forward-Looking Statements

This SR2023 will contain forward-looking statements, especially in disclosures relating to Key Performance Indicators (“KPIs”), targets, plans, focus areas, strategic priorities, operations, and forecasted figures. These disclosures are reported based on reasonable assumptions made from information available on hand and market trends at the time of reporting.

MGB would also like to highlight that there may be terms in this report which indicate the Group’s expectations regarding future growth, including future increases in economic value creation. These statements are not intended to provide any form of guarantee for future performance.

Readers are advised to practice discretion when using this report to make financial decisions. MGB does not provide any form of guarantee regarding the anticipated outcome disclosed within this SR2023.

### Assurance Statement

All disclosures presented in the SR2023 have been verified internally by the respective data owners within the Group. Additionally, electricity, water, and waste data have been internally audited by the Program Management Office (“PMO”) for added assurance. At the same time, all financial data has undergone impartial auditing and validation by an External Auditor. This financial data is reported quarterly and annually through announcements and our published annual report.

### Report Availability and Feedback Channel



*Interested parties may access a copy of this Sustainability Report on the corporate website of the Group: <https://mgbgroup.com.my/sustainability/>*

As part of our ongoing commitment to refining sustainability practices, MGB encourages constructive input from esteemed stakeholders. For any inquiries, feedback, or suggestions, kindly direct them to the Chairman of the MGB Sustainability Committee, Datuk Lim Lit Chek, at [scr@mgbgroup.com.my](mailto:scr@mgbgroup.com.my).



## Sustainability Report

### • INTRODUCTION TO MGB

MGB stands as a well-established company within the Malaysian construction industry with over 17 years of experience. Throughout this period, MGB has contributed significantly to the development of the nation through its expertise in designing, building, and overseeing the construction of residential, commercial, and industrial buildings, as well as infrastructure works.

A cornerstone of the Group's success lies in the utilisation of Industrialised Building System ("IBS") Precast Concrete technology which allows MGB to rapidly develop its projects while keeping costs low. This strategic approach has resulted in the successful completion of over 25,000 property units, and more than 10,000 units completed using IBS Precast Concrete with a notable focus on affordable housing.

As a dynamic industry solutions provider, MGB's highly experienced team skillfully implements the Group's proprietary VaDTech Solutions approach to all of its projects. This ensures that each project receives optimal building solutions, precisely tailored to its unique challenges and requirements.



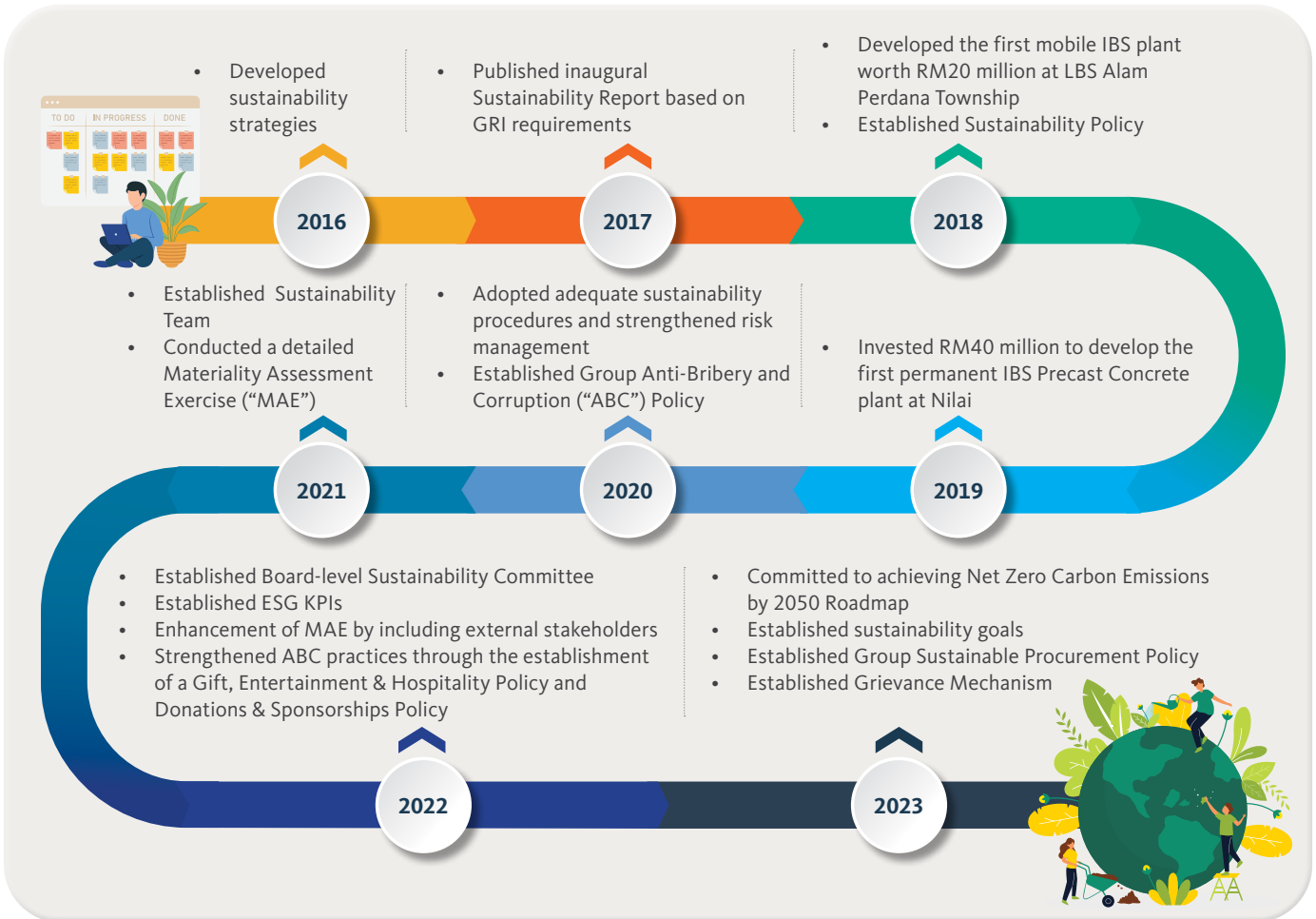
IBS Precast Concrete Factory, Nilai

# 03.

Corporate Governance

## Sustainability Report

### Sustainability Milestones



### Awards and Recognition

▼ MGB Construction & Engineering Sdn Bhd received a **DIAMOND AWARD** for the KITA Ria project during the 19th MOSHPA OSH Excellence National Awards 2023. This ceremony was hosted by the Malaysian Occupational Safety & Health Practitioners' Association ("MOSHPA").



▲ MGB Berhad received *The Edge ESG Awards Silver in Construction Category* from The Edge.



The KITA Mesra site received a score of 93 (5-star) during the Safety and Health Assessment System in Construction ("SHASSIC") audit.

# Sustainability Report

## F Y 2 0 2 3 S U S T A I N A B I L I T Y H I G H L I G H T S



### ECONOMIC



#### PRODUCT QUALITY & OPERATIONAL EFFICIENCY

Group-Wide Adoption of ISO 9001:2015 Quality Management System

Adoption of IBS Precast Concrete and Framework System

Reduced construction time by 33% through IBS

Adoption of Building Information Modelling (“BIM”) in construction

31% reduction on manual labour through IBS



### ENVIRONMENTAL



#### ENVIRONMENTAL MANAGEMENT

All MGB project sites are certified with ISO 14001:2015 Environmental Management System

#### ENERGY CONSUMPTION

Installation of Renewable Energy infrastructure at IBS Precast Factory, Nilai

#### CLIMATE CHANGE

Established Net Zero Carbon Emissions by 2050 Roadmap with short, medium, and long-term strategies

#### WASTE MANAGEMENT

Implemented a 6-level waste management hierarchy at all project sites

#### BIODIVERSITY

Achieved an average of 15% green landscapes for all new project launches



### SOCIAL



#### SAFETY & HEALTH

All MGB project sites are certified with ISO 45001:2018 Occupational Health and Safety Management System



### GOVERNANCE



#### ETHICAL GOVERNANCE

Zero tolerance approach on regulatory and anti-corruption non-compliance

## Sustainability Report



**Datuk**

**Lim Lit Chek**

Executive Director &  
Chief Executive Officer

Chairman,  
Sustainability Committee



**SUSTAINABILITY  
COMMITTEE  
CHAIRMAN'S  
STATEMENT**

**DEAR READERS,**

FY2023 has been a year of resilience and adaptation for MGB Berhad. Our industry saw signs of recovery as the general Malaysian economic outlook improved.

Despite encountering significant challenges such as global economic uncertainty and geopolitical issues, including fluctuations in raw material prices and an increase in the Overnight Policy Rate (OPR) by Bank Negara Malaysia throughout FY2023, we have remained steadfast in our commitment to excellence and quality. Through this report, we aim to highlight the significant steps we have taken to ensure MGB remains resilient and continues to provide the best value to all our stakeholders.

As I reflect on the journey of MGB over the past year, I am pleased to share the significant milestones and achievements that highlight our persistent commitment to sustainability and responsible business practices. In a world marked by constant change, our dedication to environmental stewardship, social responsibility, governance, and economic sustainability has been at the forefront of our endeavours.

## Sustainability Report



“  
**Our commitment to sustainability extends beyond compliance; it’s woven into the fabric of our projects. The adoption of Renewable Energy at our IBS Precast Factory exemplifies our dedication to reducing our carbon footprint.**  
 ”

In our pursuit of environmental sustainability, we initiated a comprehensive climate scenario analysis, a strategic move to identify and address potential risks. This strategic move not only ensures our ability to withstand environmental challenges but also positions us as conscientious custodians of the ecosystems in which we operate. Additionally, the establishment of the Net Zero Carbon Emissions by 2050 Roadmap demonstrates our ambition to actively contribute to mitigating climate change.

Similarly, our decision to continue eliminating single-use plastic bottles at all construction sites speaks volumes about our resolve to address plastic pollution and contribute to a cleaner planet. In shaping urban spaces, our commitment to green landscapes is evident, as we have already allocated, on average, 15% of green spaces in all our new project launches. This is not just about aesthetics, but about fostering sustainable and eco-friendly living spaces that harmonise with nature.

Moving to our social responsibility initiatives, the certification of all MGB project sites with ISO 45001:2018 Occupational Health and Safety Management System underscores our commitment to the well-being of our workforce. Through the adoption of the Industrialised Building System (“IBS”), we not only achieved a 31% reduction in manual labour but also enhanced the efficiency and safety of our construction processes.

Economically, our commitment to excellence is evident in the group-wide adoption of the ISO 9001:2015 Quality Management System. This reflects our dedication to delivering the highest standards to our clients and stakeholders. Furthermore, the adoption of the IBS Precast Concrete and Framework System, along with the integration of Building Information Modelling (BIM) in our construction processes, demonstrates our embrace of innovation to enhance project planning and efficiency.

At MGB, we acknowledge the role the community has played in ensuring our continued growth and success. To that extent, we have invested in various programmes to give back to the local community and leave a positive impact. We have allocated close to RM550,000 to fund community empowerment initiatives alongside LBS Foundation, the philanthropic arm of our parent company, LBS Bina Group Berhad.

In conclusion, our achievements over the past year are more than a checklist of accomplishments; they are a narrative of our values and commitments. As we look towards the future, we remain steadfast in our dedication to progress, innovation, and a sustainable future that reflects the essence of MGB Berhad.

# Sustainability Report

## STRATEGISING SUSTAINABILITY: BUILDING A SOLID ESG FOUNDATION

MGB’s Sustainability Framework stands as a definitive guideline that steers the Group’s holistic approach to sustainability. This framework incorporates the principles of Climate Resilience, Economic Prosperity, Social Enrichment, and Good Governance to provide a meticulous roadmap for the Group’s sustainability journey.

As part of MGB’s commitment to upholding accountability, this framework will be revisited from time to time. This periodic assessment is instrumental in guaranteeing the Group’s mission, vision, and sustainability approach remains dynamic and relevant to the matters that are significant to MGB.

The vision and mission that guide MGB’s ESG value creation are:

**Vision** 

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

**Mission** 

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

### STAKEHOLDER ENGAGEMENT

MGB’s sustainability strategy is shaped significantly by its stakeholders who play an important role in determining key EESG topics. The Group recognises the value of both internal and external stakeholders in this process as they offer diverse perspectives that are crucial for a holistic view of MGB’s impact and responsibilities.

Through regular engagement, the Group can gauge current priorities and adapt its sustainability strategies to meet these evolving needs. This process fosters a collaborative environment where stakeholders, who are affected by or can affect the Group’s operations, are actively allowed to provide essential feedback.



### EMPLOYEES

Employees are the main driving force behind the daily operations contributing to the Group’s success. By engaging them and providing a positive work environment with plenty of growth opportunities, MGB can maintain a motivated and productive workforce that enhances operational efficiency.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB’s Approaches	GRI Standards
<p><b>Q</b></p> <ul style="list-style-type: none"> <li>Employee Engagement Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Training &amp; Education</li> <li>Employment</li> <li>Occupational Safety &amp; Health</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Promote communication at all levels through employee engagement and internal programmes</li> <li>Regularly brief employees on MGB’s Code of Conduct</li> <li>Conduct online training</li> <li>On-site training for job functions</li> <li>Mandatory safety training for all construction site staffs</li> <li>Orientation for new recruits</li> <li>Briefing on EMS, QMS, and OHSAS Management Systems to the relevant staffs</li> </ul>	<ul style="list-style-type: none"> <li>GRI 401 Employment</li> <li>GRI 402 Labour/ Management Relations</li> <li>GRI 403 Occupational Health and Safety</li> <li>GRI 404 Training and Education</li> <li>GRI 405 Diversity and Equal Opportunity</li> <li>GRI 405 Non-Discrimination</li> <li>GRI 407 Freedom of Association and Collective Bargaining</li> <li>GRI 408 Child Labour</li> <li>GRI 409 Forced or Compulsory Labour</li> </ul>
<p><b>A</b></p> <ul style="list-style-type: none"> <li>Annual Performance Appraisal</li> <li>Townhall Meetings</li> </ul>			
<p><b>P</b></p> <ul style="list-style-type: none"> <li>Briefings &amp; Trainings</li> <li>Events, Celebrations &amp; Sports</li> <li>Management, Operational &amp; Committee Meetings</li> </ul>			
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>WhatsApp Broadcast</li> </ul>			

# Sustainability Report



## SHAREHOLDERS & INVESTORS

Shareholders and investors provide financial support and influence the Group's capital structure and investment decisions. Maintaining a positive relationship is necessary to sustain MGB's overall financial health.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB's Approaches	GRI Standards
<p><b>Q</b></p> <ul style="list-style-type: none"> <li>Quarterly Financial Report</li> <li>Analysts Briefings</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Corporate Governance</li> <li>Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Promote timely and comprehensive reporting</li> <li>Demonstrate strong foundations and deliver resilient financial performance</li> <li>Enhanced sustainability disclosures in line with global frameworks and standards to elevate transparency</li> <li>Declaration and payment of dividends</li> </ul>	<ul style="list-style-type: none"> <li>GRI 201 Economic Performance</li> <li>GRI 205 Anti-Corruption</li> </ul>
<p><b>A</b></p> <ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> </ul>			
<p><b>P</b></p> <ul style="list-style-type: none"> <li>Briefings</li> </ul>			
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>Extraordinary General Meeting</li> <li>Engagement Sessions through Meetings &amp; Site Visits</li> <li>Regular Communication on Bursa Securities and Corporate Websites</li> </ul>			



## CUSTOMERS

As an innovative solutions provider in the construction industry, MGB's customers are usually other industry players. These stakeholders directly impact the revenue and market standing of the Group. Building a strong relationship with them allows MGB to understand and meet their expectations.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB's Approaches	GRI Standards
<p><b>P</b></p> <ul style="list-style-type: none"> <li>Media Channels</li> <li>Product Launches</li> <li>Marketing &amp; Promotion</li> <li>Programmes &amp; Events</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Corporate Governance</li> <li>Procurement Practices</li> <li>Customer Health &amp; Safety</li> <li>Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Develop quick and thorough action plans to address customer feedback</li> <li>Maintain open dialogues with customers to develop shared understanding and establish mutually beneficial solutions in addressing challenges</li> <li>Implementing measures to enhance safety, e.g. increased safety inspections to reinforce safety culture across projects</li> <li>Engaging with customers on ESG concerns</li> </ul>	<ul style="list-style-type: none"> <li>GRI 201 Economic Performance</li> <li>GRI 204 Procurement Practices</li> <li>GRI 205 Anti-Corruption</li> </ul>
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>Feedback Channels</li> <li>Corporate Website</li> </ul>			

## Sustainability Report



### SUPPLIERS & CONTRACTORS

Suppliers and contractors are an important part of the Group's supply chain. Collaborating effectively with them is essential for successful operations that contribute to MGB's reliability and ability to meet market demands.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB's Approaches	GRI Standards
<p><b>P</b></p> <ul style="list-style-type: none"> <li>Supplier Assessment Training</li> <li>Briefings &amp; Trainings</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Procurement Practices</li> <li>Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Implement the Group Sustainable Procurement Policy to guide suppliers in ESG practices and good business ethics</li> <li>Working closely with suppliers to ensure a clear understanding of the scope of work and timelines</li> <li>Request suppliers and contractors to declare Conflicts of Interest before they can participate in the procurement process</li> <li>Conduct progress meetings with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>GRI 204 Procurement Practices</li> <li>GRI 301 Materials</li> <li>GRI 308 Supplier Environmental Risk Assessment</li> <li>GRI 414 Supplier Social Risk Assessment</li> </ul>
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>Meetings &amp; Site Visits</li> </ul>			



### LOCAL COMMUNITIES

Local communities represent the social elements surrounding the Group's operations. Positive engagements with them build trust and enhance MGB's license-to-operate.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB's Approaches	GRI Standards
<p><b>P</b></p> <ul style="list-style-type: none"> <li>Community Outreach &amp; Development Programmes</li> <li>Corporate Website &amp; Social Media</li> </ul>	<ul style="list-style-type: none"> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Engage local communities on social issues</li> <li>Provide employment opportunities for young graduates (e.g. internships)</li> <li>Provision of sponsorships and volunteers through the CSR initiatives</li> </ul>	<ul style="list-style-type: none"> <li>GRI 413 Local Communities</li> </ul>
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>Strategic Partnerships</li> <li>Charitable Contributions</li> </ul>			



# Sustainability Report



## GOVERNMENT & REGULATORS

The government and regulators establish the legal frameworks that govern the industry and influence the Group’s operating guidelines. Engaging them is essential for maintaining a favourable operating landscape and securing necessary permits and approvals.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB’s Approaches	GRI Standards
<p><b>Q</b></p> <ul style="list-style-type: none"> <li>Income Tax Filing</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Anti-Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a high level of integrity, corporate governance, transparency, and best practices</li> <li>Support the government’s climate ambition to achieve Net Zero Carbon Emissions by 2050</li> <li>Implement a Whistleblowing Policy, Anti-Bribery &amp; Corruption Policy, Gift, Entertainment &amp; Hospitality Policy, Donations &amp; Sponsorships Policy and Sustainability Policy</li> <li>Risk and crisis management</li> <li>Authority Chart and Discretion Power</li> </ul>	<ul style="list-style-type: none"> <li>GRI 205 Anti-Corruption</li> <li>GRI 206 Anti-Competitive Behaviour</li> </ul>
<p><b>A</b></p> <ul style="list-style-type: none"> <li>Annual Returns</li> <li>Audited Financial Statement</li> </ul>			
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>Official Meetings &amp; Site Visits</li> <li>Industry Events &amp; Seminars</li> </ul>			



## MEDIA

The media often serves as a communication channel, shaping the Group’s image among its other stakeholders. Proactive engagements with them can enhance the visibility of MGB’s best practices and latest initiatives, elevating its brand reputation and simultaneously providing a marketing platform.



Engagement Platforms & Frequencies of Engagement	Issues of Concern	MGB’s Approaches	GRI Standards
<p><b>P</b></p> <ul style="list-style-type: none"> <li>Corporate Website &amp; Social Media</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Customer Health &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>Ensure continuous clarification, communication, and casual meetings with media to maintain a strong relationship</li> <li>Timely response to all media enquiries by relevant parties</li> <li>Intensify communication and engagement with media in their areas of interest, particularly progress in ESG, sustainability, and other company-related information</li> </ul>	
<p><b>AW</b></p> <ul style="list-style-type: none"> <li>Community Outreach &amp; Development Programmes</li> <li>Strategic Partnerships</li> <li>Charitable Contributions</li> </ul>			

## Sustainability Report

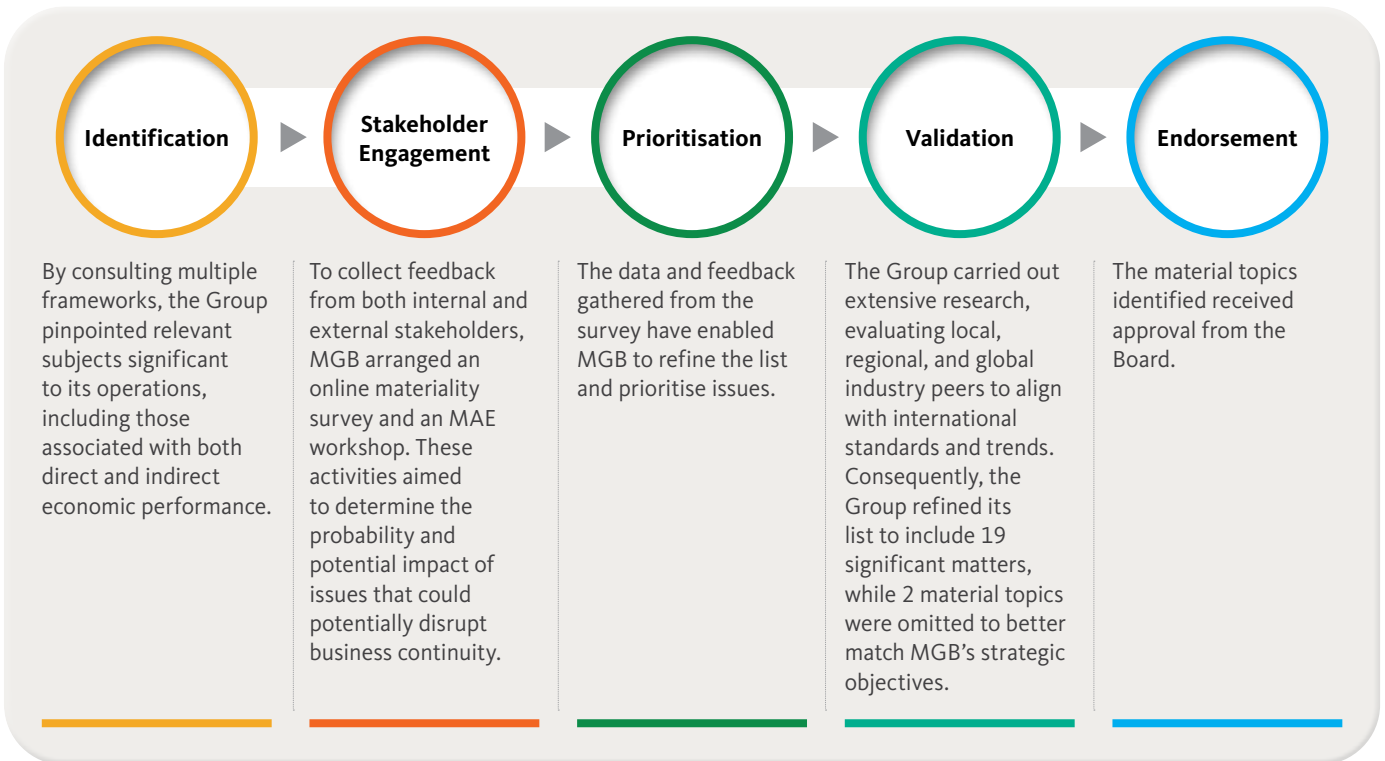
### • ASSESSING MATERIALITY

#### Identifying Material Topics

MGB conducted a comprehensive Materiality Assessment Exercise (“MAE”) in FY2022 to identify key material topics that are important to the Group’s value creation. The MAE included participation from both internal and external stakeholders to obtain more diverse points of view. The inclusion of external stakeholders also allowed the Group to highlight specific ESG areas that were important to them.

The actual survey itself was conducted through a physical workshop and an online survey. ESG topics were selected based on industry standards as well as key topics outlined in the various reporting frameworks the Group follows.

Using these avenues of communication and the following process flow, the Group was able to develop a materiality matrix that ranked MGB’s key ESG topics according to their importance to both the Group and its various stakeholders.



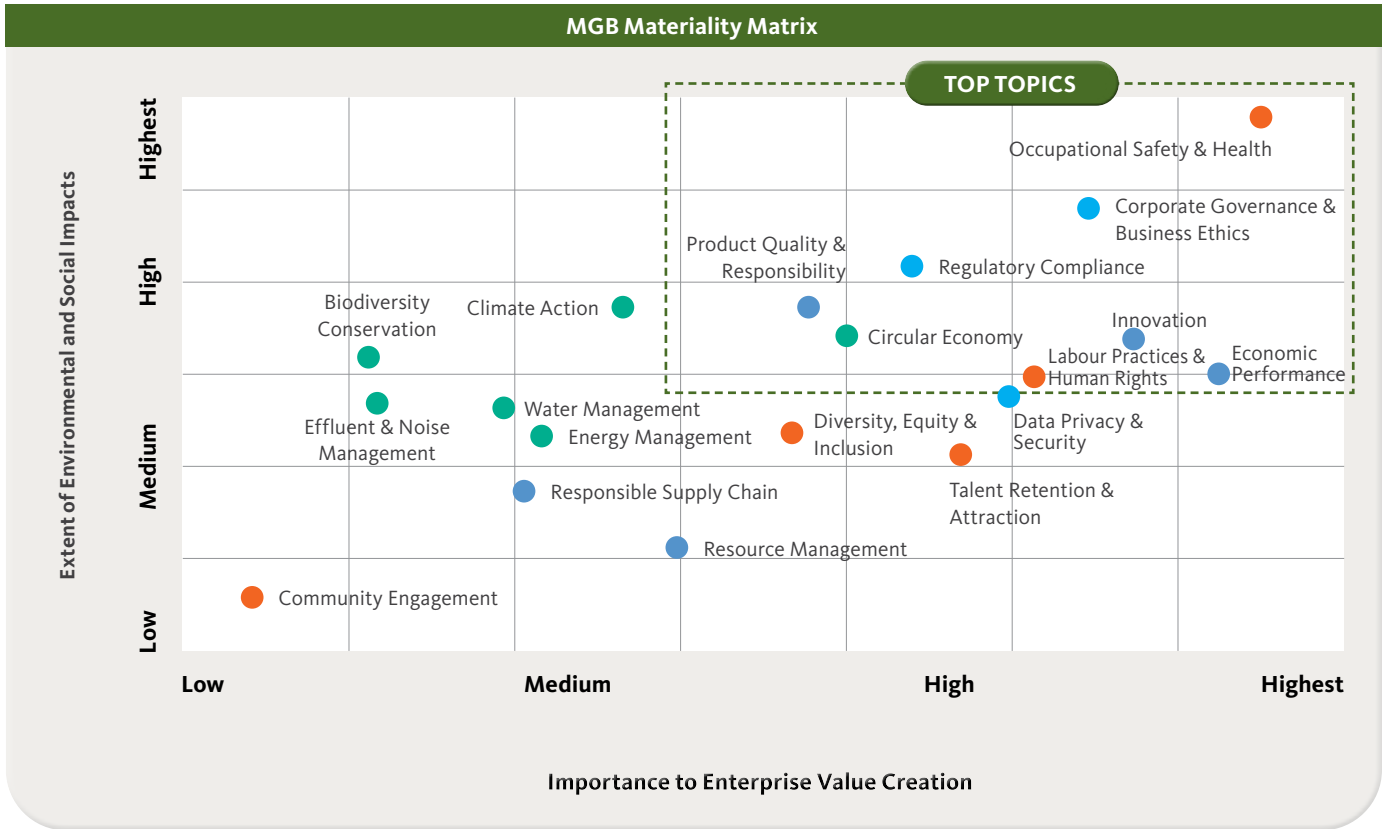
#### Materiality Matrix

MGB conducted thorough research in FY2023 to reassess the Group’s existing material topics. This extensive analysis compared MGB’s material topics against local, regional, and global benchmarks and standards. Following this, the Group was able to make the necessary adjustments to its materiality matrix to better align with MGB’s overall management approach.

Among the 21 material matters previously identified, 19 remained as material topics with no changes, 14 were renamed, 2 were removed, and 8 were reprioritised based on their latest significance. By reassessing its materiality topics, MGB reaffirms its commitment to focusing on pivotal issues that have a significant impact on its business operations while aligning with the Group’s overall strategic objectives. The finalised material topic for FY2023 has received Board approval, indicating that the top leadership of the Group acknowledge their importance to value creation. This will ensure wholesale integration of these topics into MGB’s business model.

# Sustainability Report

As such, the following materiality matrix will continue to be used to guide MGB’s value creation in FY2023.



## Sustainability Report

### • SUSTAINABILITY TARGETS

MGB's ESG approach in FY2023 is based on its overarching goal of achieving **Net Zero Carbon Emissions by 2050**. In order to align its operational performance towards this main commitment, the Group has established robust goals for each sustainability pillar with clear Key Performance Indicators ("KPIs") based on relevant UNSDGs. These goals serve as a strategic blueprint, ensuring the entire Group is aligned towards a shared sustainability target.

Legend: ● Achieved ● On-track ● Attention Required



#### ECONOMIC PROSPERITY

Pioneering sustainable innovation for cost-effective construction solutions and enhanced resource efficiency



##### FY2025 KPI

##### FY2023 Performance

To achieve 70% and above QCLASSIC score for all new projects

4 projects assessed in FY2023 received QCLASSIC scores above 70% ●

To achieve 20% Building Information Modelling ("BIM") utilisation in all property development projects

All property development projects achieved 20% BIM utilisation ●



#### CLIMATE RESILIENCE

Building a sustainable future with next-gen climate-adaptive construction practices



##### FY2025 KPI

##### FY2023 Performance

To achieve a 5% reduction in Energy Intensity by Revenue (Scope One & Two) (Baseline year: FY2022)

Achieved a 12.50% decrease from FY2022 levels ●

To achieve a 5% reduction in Carbon Intensity by Revenue (Scope One, Two & Three) (Baseline year: FY2022)

Achieved 19.12% decrease from FY2022 level ●

To achieve a 5% reduction in Water Intensity by Revenue (Baseline year: FY2022)

Achieved 7.16% increase from FY2022 levels ●

To achieve 10% of waste diversion from landfills (own-managed properties) (Baseline year: FY2023)

16.30% of waste from own-managed properties diverted from landfills ●

To achieve 10% of waste diversion from landfills (construction sites) (Baseline year: FY2023)

5.82% of waste from construction sites diverted from landfills ●

Zero fines or penalties for non-compliance with environmental laws and regulations

Zero fines or penalties for non-compliance with environmental laws and regulations ●

To provide more than 10% of minimum regulatory of landscape (softscape and hardscape) in all new development projects

All new projects launched in FY2023 exceeded the 10% minimum regulatory green landscape requirement ●

To achieve a 40% Industrialised Building System ("IBS") adoption rate

67% of projects have adopted IBS ●



**SOCIAL ENRICHMENT**

Foster inclusive and thriving communities and workforce through technology-enabled skills development, workplace safety initiatives, and accessible construction projects



FY2025 KPI	FY2023 Performance
Maintain zero fatalities at all sites	Achieved zero fatalities at all sites <span style="float: right;">●</span>
To achieve 100% employees trained in Occupational Safety and Health (“OSH”)	100% of employees received OSH training <span style="float: right;">●</span>
To achieve a Lost Time Injury (“LTI”) of less than 0.7	Achieved 2.0 LTI <span style="float: right;">●</span>
Maintain zero incidents of human rights violations	Zero incidents of human rights violations <span style="float: right;">●</span>
Suppliers and vendors are committed to full compliance with statutory employment regulations for worker hiring	To develop the declaration form to be acknowledged by all suppliers and vendors before awarding projects <span style="float: right;">●</span>
To achieve a total of 1,000 volunteering hours per annum	Achieved 130 volunteering hours <span style="float: right;">●</span>



**GOOD GOVERNANCE**

Establishing robust governance and ethical standards in the integration and deployment of advanced technologies within construction processes, ensuring transparency and accountability



FY2025 KPI	FY2023 Performance
100% of employees are trained in Group’s Anti-Bribery & Corruption Policy, Gift, Entertainment & Hospitality Policy, as well as Donations & Sponsorships Policy	100% of employees received ABC, Gift, Entertainment & Hospitality, and Donations & Sponsorships Policies training <span style="float: right;">●</span>
Maintain zero bribery and corruption incidents	Zero incidents of bribery and corruption <span style="float: right;">●</span>
To reach a minimum of 30% female representation on the Board of Directors (“Board”) by FY2027	Achieved 42% female representation on the Board <span style="float: right;">●</span>

# Sustainability Report

## GOOD GOVERNANCE



### MGB's Goal

**Establishing robust governance and ethical standards in the integration and deployment of advanced technologies within construction processes, ensuring transparency and accountability.**

MGB has long realised that a central governance structure is necessary to ensure the seamless alignment of the Group's sustainability objectives with its overall strategic goals. This alignment facilitates the integration of sustainability within MGB's core business operations, making it more likely to be prioritised and effectively implemented. An effective governance structure also allows MGB to consistently monitor its sustainability performance, making necessary improvements and modifications whenever the need arises.

At the same time, the Group's unwavering commitment to corporate governance and business ethics is evident in its comprehensive adherence to regulations and policies. This dedication fosters a culture of ethical conduct and corporate integrity, with a zero-tolerance policy towards unethical behaviour, such as corruption. MGB strives to maintain an operational environment that is completely transparent and accountable.

Likewise, the Group's integration of sustainable financial practices ensures that all financial decisions are made after carefully considering MGB's environmental and social responsibilities. This reflects a holistic approach that ensures the Group's sustainability-centric focus is cascaded throughout all levels of the organisation. Ultimately, it is a strategic decision that underscores MGB's alignment as a responsible corporate entity, committed to ethical excellence and sustainable development.

### Material Matters:

- Corporate Governance and Business Ethics
- Regulatory Compliance
- Data Privacy and Security

### Highlights

- 100% of employees** have received training on Group policies
- Zero incidents** of bribery or corruption
- 42% female** representation on the Board
- Established a **Sustainability Policy**

# Sustainability Report

## • SUSTAINABILITY GOVERNANCE

MGB practices a top-down sustainability approach where sustainability practices are driven directly by the Group’s Board of Directors (“Board”) and Management. This strategy ensures that sustainability is a core principle that guides all decision-making from the highest level. By setting sustainability directives from the top, MGB can drive change throughout the organisation, ensuring that all operations align with the Group’s overarching sustainability goals.

### Sustainability Governance Structure

In enacting its top-down governance approach, MGB has instituted a Board-led sustainability governance structure to oversee and carry out the Group’s strategic initiatives regarding key EESG topics. This structural approach closely aligns with the Group’s Sustainability Policy as well as the principles of the Malaysian Code on Corporate Governance (“MCCG”). Through this approach, MGB can ensure that the Group manages its material EESG topics while balancing the needs of various stakeholders.

At its core, MGB’s sustainability approach is driven by the Board which is assisted by three specialised working groups – the Sustainability Committee (“SC”), Group Sustainability (“GS”), and the Sustainability Team (“ST”). The SC is a Board-appointed committee that maintains the Board’s direct oversight of the Group’s overarching sustainability strategy, initiatives, as well as performances.

At the Management level, the GS supervises significant EESG matters and develops action plans to achieve the Board and SC’s strategies. The GS works closely with the ST, which comprises different Heads of Departments (“HODs”), who are responsible for implementing and monitoring these action plans at the operational level. Together, each level of the Group’s sustainability structure plays a role in advancing MGB’s sustainability commitment.

The Group’s sustainability structure and the roles of each level are as follows:



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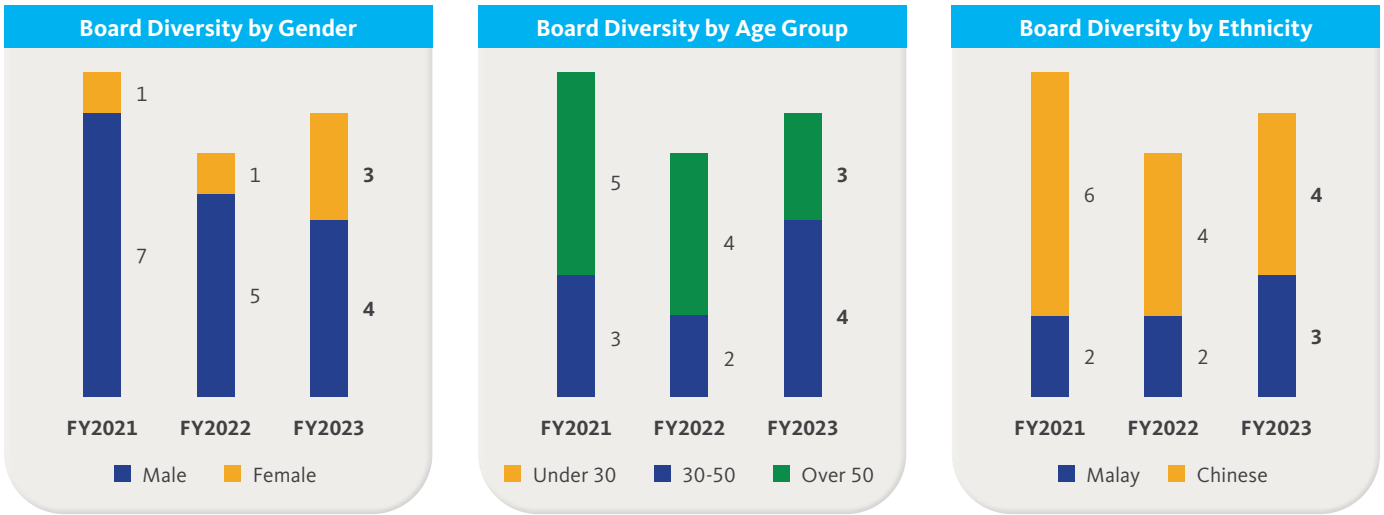
Corporate Governance

## Sustainability Report

### Board Diversity and Independence

MGB is led by a Board that consists of a diverse group of capable and experienced individuals.

 Their individual profiles can be found in the **Board of Directors Profile** section of the Group's Annual Report FY2023 ("AR2023").



Note: Directors composition as of 31 March 2024

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### • CORPORATE GOVERNANCE AND BUSINESS ETHICS

#### Group Sustainability Policies

The main policy guiding MGB's sustainability approach is its Sustainability Policy. Aside from laying out MGB's sustainability governance framework, this policy embodies the Group's commitment to ethical and sustainable business conduct by integrating EESG considerations into all business decisions. Besides that, the policy aims to create value for stakeholders, support communities, foster inclusivity, and enhance environmental protection. By balancing EESG considerations with stakeholder interests, this Sustainability Policy serves as a guiding principle for MGB's operations, promoting sustainable value creation for its stakeholders.

In operational terms, MGB's Sustainability Policy promotes sustainability across all facets of the Group's business activities, including strategic planning and risk management. The policy applies to the entire Group, including its subsidiaries, promoting holistic alignment with the Group's overarching sustainability objectives. This comprehensive approach ensures that MGB's operations are conducted with a focus on sustainable development.

Apart from the Group's Sustainability Policy, the following are other policies that guide MGB's sustainability efforts.

 All these policies are readily available on the Group's website and can be referred to at: <https://mgbgroup.com.my/sustainability/>



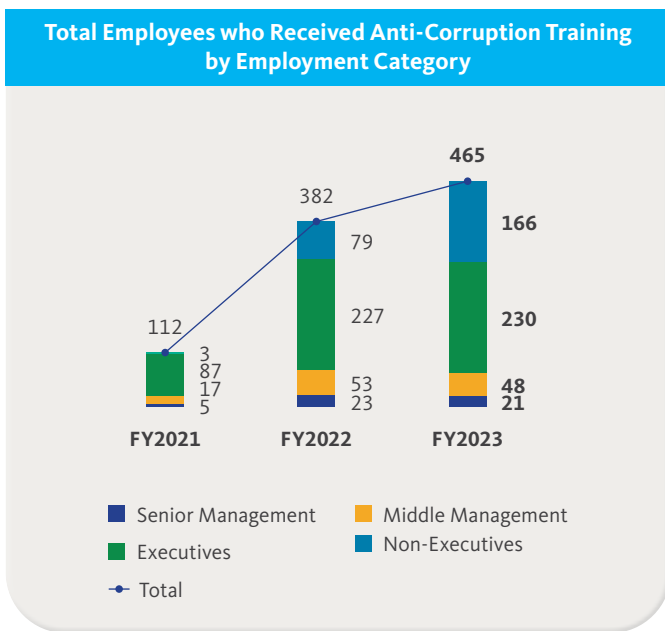


# Sustainability Report

## Anti-Corruption

MGB maintains its zero-tolerance approach towards bribery and corruption, not just within the Group, but throughout its supply chain. Given the inherent legal and compliance risks associated with inadequate internal anti-corruption practices, MGB has been implementing a Group-wide Anti-Bribery and Corruption (“ABC”) Policy since FY2020. This policy aligns with the provisions of Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and ISO 37001:2016 Anti-Bribery Management Systems (“ABS”).

The ABC policy is communicated to the entire workforce, with all employees and Board members receiving some form of anti-corruption training. All its employees received this training in FY2023. Concurrently, the policy and the Group’s staunch anti-corruption position are also extended to the entire supply chain, 100% of which have acknowledged their commitment to the Group’s ABC Policy this year.



All anti-corruption data undergoes verification by the Risk Management Working Group (“RMWG”), which is then reported to the Board for their notice. There have been zero cases of corruption or bribery throughout MGB in FY2023.

## Code of Ethics

The Group expects the highest standards of professionalism, integrity, and ethical behaviour from its workforce, aligning with responsible governance practices. In pursuit of this commitment, MGB has crafted a Code of Conduct and Business Ethics (“Code”) that serves as a guide to the entire Group, including members of the Board.

Every individual within MGB is required to familiarise themselves with the Code and strictly adhere to its provisions. Violations of the Code will result in disciplinary measures, potentially even leading to the termination of employment.

## Whistleblowing Channel

To further instil an environment of transparency and accountability, the Group has enforced a Whistleblowing Policy that provides a comprehensive mechanism to prevent corruption within and outside MGB. This policy affords internal whistleblowers anonymity to report instances of any misconduct in good faith, whether actual or perceived. The policy further extends protection to these whistleblowers, shielding them from potential harassment or retaliation that may arise from the report.

Such incident reports can be made through the Group’s dedicated whistleblowing channel, accessible to both internal and external stakeholders. The channel is supervised directly by the Investigating Committee which allows for investigations to begin immediately the moment a report is made.

Once a report is made, it will trigger an investigation by the Investigating Committee which comprises three Independent Non-Executive Directors, with support from the Human Resources (“HR”) and Group Legal Departments. The initial phase of the investigation involves a preliminary assessment conducted by the whistleblowing channel administrator, with a report summarising the outcomes forwarded to the Investigating Committee within seven days. Subsequently, the Investigating Committee undertakes a comprehensive investigation which results in an Investigation Report being submitted to either the Group Managing Director (“GMD”) or Board for careful deliberation. Based on their decision, the matter is either considered resolved or referred to relevant departments for their next steps.

In FY2023, no reports were received through the Group’s whistleblowing channel.

## Data Privacy and Security

MGB places the utmost priority on the privacy and confidentiality of its customers’ personal data, aligning the Group with the stringent requirements of the Personal Data Protection Act (“PDPA”) 2010. In compliance with this, MGB ensures that all data collection is conducted with explicit consent from the data owners and is exclusively used for engagement purposes. MGB does not sell or disclose this data to any third-party, except when requested by law enforcement authorities.

Internally, the Group implements the latest safeguards to secure confidential data associated with the organisation and its workforce. Administered by an internal IT Department, these measures include the installation of firewalls across all MGB devices to fortify cybersecurity. As an added layer of protection, all MGB devices also have a credential system in place which requires a password to be keyed in before the device can be accessed. While simple, this is a failsafe method to prevent unauthorised access by individuals without the proper clearance. MGB’s IT Department also conducts routine screenings to detect and block suspicious activities. This actively protects the Group from potential cyber threats.

There were no instances of data breaches in FY2023.

Sustainability Report

ECONOMIC PROSPERITY



MGB's Goal

Pioneering sustainable innovation for cost-effective construction solutions and enhanced resource efficiency.

While economic performance falls outside the conventional definition of ESG, it is a crucial component of MGB's sustainability ambition. It serves as the Group's lifeblood, providing the resources it needs to propel and sustain all initiatives while ensuring business continuity. As such, it is important to strike a balance between maintaining a profitable business model while still upholding responsible ESG practices.




The relationship between the Group's economic value creation and our ESG agenda is not mutually exclusive, but rather a symbiotic one. As mentioned, a robust fiscal performance supports the longevity of MGB and provides the necessary capital needed to initiate and sustain its sustainability agenda. At the same time, ESG measures drive overall improvements within the Group, fostering increased savings and financial performance. This, in turn, benefits the Group's stakeholders as MGB can distribute more wealth and endorse more initiatives focused on sustainability and community development.



Material Matters:

- Product Quality & Responsibility
- Innovation
- Economic Performance
- Responsible Supply Chain
- Resource Management

Highlights

-  **4 projects** received QLASSIC scores above 70%
-  All property development projects achieved **20% BIM utilisation**
-  **100% local procurement** (except for MGBI)

## Sustainability Report

## • CULTIVATING ECONOMIC RESILIENCE

## Direct Economic Values

FY2023 marked a period of sustained growth for MGB, demonstrating an overall positive trajectory. Revenue surged by 59% while similarly, profit after taxes grew by 255% compared to the previous financial year.

This growth aligns with the national economy rebounding back to pre-pandemic levels. The construction industry, in particular, has been experiencing a significant upswing which is bolstered by heightened government commitment to nationwide infrastructure development.

Direct Economic Value	FY2021 (RM'000)	FY2022 (RM'000)	FY2023 (RM'000)
Revenue	593,759	612,801	971,828
Profit Before Tax	39,977	25,612	69,207
Profit for the Financial Year	26,578	14,212	50,462
Share Capital	388,186	388,186	388,186
Equity Attributable to Owners of the Parent	497,702	507,385	552,925
Net Tangible Assets	242,341	251,836	296,920
Basic Earnings per share (sen)	5.18	2.55	8.14
Net Assets per share (sen)	84.12	85.76	93.45
Net Tangible Assets per share (sen)	40.96	42.56	50.18
Total Assets	938,064	916,758	1,123,028
Total Borrowings	86,487	113,933	94,051
Net Gearing Ratio	0.09	0.12	0.07
Market Capitalisation	428,948	307,659	396,407

## Indirect Economic Values

Beyond financial performance, the Group's business operations result in diverse indirect economic benefits. These socioeconomic advantages include the creation of job and income opportunities, supporting local supply chains, and empowering local communities, among others.

As a property developer, MGB plays a role in enhancing the value of the areas it operates in. This is achieved through the development of new infrastructure or the improvement of existing ones which, in turn, initiate a multiplier effect as new residents and businesses are attracted to the region, fostering additional benefits for the local economy.

Indirect Economic Value	FY2021 (RM'000)	FY2022 (RM'000)	FY2023 (RM'000)
Economic Value Generated	595,654	615,098	974,410
Economic Value Distributed	569,035	605,846	925,197
Total Monetary Value/Spend on Procurement	519,981	549,190	851,869
Total Payout to Employees in Salaries and Benefits	30,100	34,063	45,529
Taxes Paid to the Government	13,400	11,400	18,745
Repayments to Financiers	5,536	5,508	6,086
Community Investment	19	271	16
Dividend Returns to Shareholders	-	5,413	2,952
Economic Value Retained	26,619	9,252	49,213

## Sustainability Report

### • RESPONSIBLE SUPPLY CHAIN

MGB is committed to ethical procurement practices, ensuring that all acquired products and services meet the highest integrity standards. The Group follows a responsible supply chain approach that requires all suppliers, vendors, and third-party contractors to be aware of MGB's various policies. To reinforce this commitment, MGB requests written confirmation to acknowledge these guidelines and policies.

The Group conducts periodic assessments throughout the contract duration to verify ongoing compliance. Policy violations prompt a warning, allowing suppliers an opportunity to rectify issues. However, consistent violations can lead to contract termination and exclusion from future collaborations. Cases of severe non-compliance may even be reported to the relevant authorities if needed. Furthermore, while MGB has been diligent in its supplier oversight, it has yet to incorporate ESG elements into its supplier evaluation process. However, recognising the importance of ESG considerations, MGB plans to implement this initiative, further solidifying its commitment to sustainability and ethical business practices.

In FY2023, MGB's entire supply chain confirmed and maintained compliance throughout the year.

#### Group Sustainable Procurement Policy

In FY2023, MGB took a significant step by establishing a Group Sustainable Procurement Policy, aligning with its overarching sustainability strategy and ensuring that all procurement activities within the Group actively prioritise EESG considerations. Serving as a comprehensive guide for supply chain partners, the Policy integrates sustainability into every aspect of procurement, showcasing MGB's commitment to ethical and responsible sourcing. Its objectives focus on upholding high sustainability standards during procurement and mitigating potential risks during the process.

The Group Sustainable Procurement Policy reflects MGB's commitment to strengthening EESG principles, dedication to the UN SDGs particularly in reducing environmental and social impacts while supporting local suppliers. With this policy as a guideline, suppliers are carefully selected based on their compliance with the Group's EESG requirements. This includes promoting regulatory compliance, environmental stewardship, ethical business practices, and upholding human rights among others. Through these efforts, MGB strengthens its supply chain and contributes to a more sustainable and equitable global market. This is in line with the recommendations of sustainability guidelines such as the FTSE4Good Index.



For more information on this policy, please visit <https://mgbgroup.com.my/sustainability/>

### Local Procurement

The localisation of its supply chain not only benefits MGB but also contributes positively to the socioeconomic development of the local community. For the Group, this is a strategic move that provides enhanced oversight, cost control, and flexibility in managing its supply chain. At the same time, prioritising local suppliers aligns with MGB's commitment to fostering job opportunities, local economic growth, and indirectly contributing to the economic development of the nation. This approach carries environmental advantages as well by mitigating potential pollution and emissions associated with storage and logistics.

The Group consistently maintains a fully local supply chain, with 100% of the procurement budget allocated to local suppliers. The exception to this is the Group's wholly-owned subsidiary MGB International for Industry ("MGBI") which operates in multiple countries around the world.

### Material Management

MGB's Group Sustainable Procurement Policy stands at the core of the Group's material management approach, ensuring that all procurement of goods actively prioritises sustainability practices and compliance with the relevant environmental laws. By choosing suppliers who share MGB's dedication to reducing GHG emissions and managing pollution, as well as responsible resource and material management, the Group ensures that all the materials it uses as part of daily operations contribute to a greener supply chain.

Additionally, MGB actively leverages its expertise as a Value Driven Technology ("VaDTech") Solutions specialist to optimise resource usage across operations. The integration of Industrialised Building System ("IBS") and Building Information Modelling ("BIM") processes showcase the Group's innovative resource management approach.



More information on these processes can be found in the **Operational Excellence Through Innovation** section (pages 67-69).

## Sustainability Report

The top five most used materials by the Group over the past three years were:

Materials	Unit	FY2021	FY2022	FY2023
Concrete	Tonnes	227,021	190,808	395,574
Reinforcement Bar	Tonnes	5,334	3,999	11,127
BRC	m <sup>2</sup>	1,102,969	1,046,710	1,867,606
Diesel	Litre ('000)	1,786	1,538	2,202
Cement	Tonnes	8,078	7,997	16,585

### Performance:

MGB witnessed an increase in material consumption during FY2023 as a result of heightened operational activities. As the Group undertook more active projects throughout the year, there was a surge in critical material and fuel required for the construction process. Despite this increased need for resources, MGB's prudent management approach ensured that the rise remained controlled rather than exponential.

### • ELEVATING CUSTOMER SATISFACTION

Ensuring optimal product quality and customer satisfaction is important to the economic performance of MGB as it directly influences the Group's corporate branding and reputation. By providing the best quality products, MGB can retain its customers' loyalty which, in the long term, translates to increased revenue and profitability.

The Group relies on both internal and external audits based on the ISO 9001:2015 system for the meticulous evaluation of build quality. Concurrently, it actively incorporates feedback or complaints from customers into improving the quality of products.

So far, MGB's approach towards achieving high workmanship throughout the entire construction process has been fruitful as it has achieved QLASSIC scores of over 70% for its latest projects.

Build Quality	Mercu Jalil	KITA Ria	Melodi Perdana	Residensi Bintang
CIDB QLASSIC Score	77%	74%	75%	75%

### • OPERATIONAL EXCELLENCE THROUGH INNOVATION

In the dynamic construction sector, technology and digitalisation play a vital role in shaping the future. MGB is fully aware of this trend and has proactively integrated such innovations into its core operations. This strategic move has enabled the Group to streamline processes, enhance operational efficiency, and achieve significant cost reductions. These cutting-edge approaches are applied to all aspects of the Group's operations, from sales and after-sales services to project management and on-site construction monitoring. Through this innovative practice, MGB transforms traditional practices, setting new standards for operational excellence.

## Sustainability Report

### VaDTech

Nowhere is the Group's commitment to digitalisation more apparent than in the implementation of VaDTech solutions during the construction process. These solutions are a testament to MGB's innovative approach to providing new ways to enhance productivity and secure a competitive edge within the industry. More than a tool, VaDTech solutions offer the Group innovative solutions to optimise time, value, quality, resources, and operational processes for better productivity. This approach has revolutionised the way MGB operates, setting a new standard for efficiency and excellence.

The Group's entire VaDTech philosophy is built on four main pillars:

The Group is aware of the rising cost of home ownership in Malaysia. While it cannot solve this issue, by leveraging VaDTech solutions, MGB can minimise operational costs and improve development efficiency. This allows for affordable housing projects that make home ownership a realistic dream for all Malaysians without compromising on size, quality, and comfort.

#### Efficiency & Productivity



#### Practicality



MGB's focus on practicality ensures that every technological adoption enhances productivity and efficiency from conception to completion. Leveraging extensive construction experience and VaDTech solutions, the Group aims to maximise value in the construction sector through advanced technology and innovative methods.

MGB is committed to challenging the status quo and seeking innovative methods to deliver superior solutions. Driven by a strong passion and clear vision, the Group looks for opportunities amidst challenges. It is poised to offer optimal solutions that add significant value to the construction sector by optimising production, reducing environmental impacts, and cutting costs.

#### Innovation



#### ESG-Consciousness



VaDTech solutions are a powerful catalyst for ESG-consciousness and allows MGB to foster a safer and greener working environment that implements sustainable practices. The focus on affordable housing and construction methods is a strategic move that advances the affordable housing agenda. At the same time, VaDTech solutions drive better traceability and visibility throughout the process.

MGB's VaDTech approach allows it to deliver comprehensive high-quality and cost-competitive technological solutions:

### IBS Construction Solution

Industrialised Building System ("IBS") is integral to MGB's VaDTech solution. It provides solutions designed to address challenges faced by the construction sector, such as labour shortages and fluctuations in material prices. With over 15 years of experience in the fabrication of steel and aluminium frameworks using this technology, the Group is well-equipped to lead the adoption of IBS practices across the industry.

The Group's IBS capabilities are produced from its on-site precast plant in Alam Perdana and permanent factory in Nilai which are currently able to produce precast concrete products for approximately 6,000 new homes every year. Capitalising on these advancements, MGB has successfully utilised its innovative IBS technology to streamline construction timelines, reduce overhead costs, and elevate the overall quality of the Group's products.

Projects	IBS Score
KITA Ria	58.80%
Ritma Perdana	84.90%
KITA Mekar	74.50%
Idaman BSP	56.60%
KITA Sejati	60.43%
KITA Mesra	78.06%

## Sustainability Report

### Affordable Housing Solution

MGB has risen to the challenge of providing affordable housing solutions in the urban heart of Selangor. As a key member of the consortium that introduced the Rumah Selangorku Idaman MBI initiative, MGB will develop 6 affordable housing projects strategically located in townships with robust infrastructure and connectivity, with the first project expected to be completed and handed over to purchasers in 2024.

Through a comprehensive end-to-end approach, MGB has meticulously managed every aspect of these developments – from planning and design, all the way through to construction and after-sales service. This holistic strategy, underpinned by the Group's innovative IBS precast technology, resulted in the development of 7,210 units of affordable housing.

In a further commitment to leveraging VaDTech solutions to drive social responsibility, the Group has played a pivotal role in supporting the Selangor state government's goal of constructing 30,000 affordable homes by 2025. MGB's contribution to this initiative not only reflects its dedication to community development but also highlights the Group's capability to use technological innovation and deliver large-scale housing commitments. By prioritising affordable housing solutions without compromising on quality, MGB is making significant strides towards inclusive urban development and sustainable community building.

### Investment Proposition Solution

MGB's experience in driving innovation through VaDTech has positioned it as a provider of investment solutions. The meticulous planning and attention to detail required to establish a new factory of industrial complex are well within the Group's expertise. Rather than replicating standard designs, MGB is able to collaborate with investors to bring their unique visions to life, offering them the flexibility of individualised industrial hubs tailored to their specific needs.

The Group has already ventured into this through a joint venture with the Terengganu state government to develop the expansive 780-acres Kertih Terengganu Industrial Park ("KTIP"). As the turnkey contractor, MGB was responsible for the comprehensive execution of the entire project. This venture proved that VaDTech solutions enable the Group to manage large-scale industrial development from inception to completion, ensuring that every facet of the project aligns with the overarching vision of creating a state-of-the-art heavy industrial park.

### Innovative Financing Solution

The building industry reflects a nation's development and MGB has been playing a crucial role in supporting the capital needs required for construction projects. Leveraging its strong credit history, the Group provides tailored financing solutions for clients, extending loans to fuel their development visions. An example of this financial expertise is MGB's successful design, financing, and construction of an RM150 million township in Johor. This venture is part of a larger financial mobilisation strategy, with the Group having channelled approximately RM500 million into various other projects.

### Upcoming Water Technology Solution

Another avenue for the innovative use of VaDTech solutions is for sustainable water management. The Group is poised to integrate value-added technology in the construction of a new water treatment plant, aiming to significantly reduce the operational costs associated with providing clean water to the surrounding community. This initiative not only underscores MGB's commitment to sustainability but also demonstrates its ability to leverage cutting-edge technology to enhance community services.

### Future Tech Solution Tracks

MGB's adoption of VaDTech signals a future full of opportunities. The Group is expanding its horizons, exploring new possibilities in a dynamic market by venturing into technologies such as Renewable Energy ("RE") and Data Management Solutions. Already, MGB has begun integrating increased RE capacity into its operations by installing solar panels within its IBS Precast Factory in Nilai.



More information on this can be found in the **Unlocking Energy Efficiency** section (page 78).

With a keen interest in innovation, MGB is ready to meet the growing needs of the industry, offering comprehensive solutions to new industries and sectors in Malaysia and contributing to regional growth.

### Digitalisation of Processes

MGB's digitalisation process is a strategic initiative that significantly enhances operational efficiency and reduces costs across the company's diverse operations. By embracing automation and other technological innovations, MGB has transformed its approach across all business avenues, from sales and project management to site mapping and monitoring. This digital overhaul has not only streamlined workflows but also improved accuracy and speed, leading to a more agile and cost-effective business model. The integration of digital solutions ensures that MGB remains at the forefront of the construction industry, ready to meet the challenges of an increasingly digital future.

### BIM

One of the main ways the Group ensures consistent high-quality outputs is through the utilisation of Building Information Modelling ("BIM"). This innovative initiative was started in FY2022, with the establishment of a dedicated BIM team operating through digital construction methods.

MGB's current emphasis lies in the conversion of conventional 2D designs into more visual 3D models. This transformative approach allows for a more thorough analysis and coordination of project designs well in advance of physical on-site construction works.

Beyond meeting MGB's stringent quality standards, BIM also allows the Group to reduce the need for on-site corrections, consequently lowering time delays and costs. Currently, BIM technology is being used for the design of five projects, namely, Idaman Melur, Idaman Cahaya Plot 1 and 2, Idaman Sari, and Saujana Indah.

Sustainability Report

CLIMATE RESILIENCE



MGB's Goal

Building a Sustainable Future with Next-Gen Climate-Adaptive Construction Practices.

MGB is aware of the crucial role the natural environment plays in the Group's operations. The very nature of the industry relies on the natural resources and services it provides. The Board and Management of MGB acknowledge that consuming natural capital, accompanied by releasing carbon emissions, waste products, and pollution, are topics that require the Group's immediate attention and action.

As such, MGB is dedicated to maintaining a comprehensive environmental management approach by routinely assessing potential impacts stemming from its daily operations. The Group pledges to environmental responsibility and innovations that exceed previous benchmarks.

MGB aspires to transcend beyond ad-hoc remedial actions. Instead, the Group aims to focus on formulating strategic plans that allow it to better root out potential environmental issues and make a more pronounced impact on its environmental footprint.

Material Matters:

- Circular Economy
- Water Management
- Climate Action
- Biodiversity Conservation
- Energy Management
- Effluent and Noise Management

Highlights

- Achieved a 19.12% decrease** in carbon intensity by revenue
- Achieved a 12.50% decrease** in energy intensity by revenue
- Office: 16.30%** of waste diverted from landfills
- Site: 5.82%** of waste diverted from landfills
- Exceeded 10% minimum regulatory** green landscape requirements for all new projects
- Launched **Net Zero Carbon** Emissions by 2050 Roadmap
- Introduced **Internal Carbon Pricing Mechanism**
- Zero non-compliance** with environmental regulations
- Achieved 67% IBS** adoption rate



## Sustainability Report

### • NAVIGATING CLIMATE RESILIENCE AND ACCOUNTABILITY

Climate change stands as one of the most significant threats faced by the world today, necessitating an urgent need to address it. Through its operations within the construction sector, MGB is poised to play an important role in mitigating the potential impacts of climate change and supporting Malaysia's climate ambitions.

The Group is also aware of the potentially disruptive risks brought by climate change. As local weather patterns become increasingly unpredictable, there are heightened risks to the long-term operational viability of MGB as instances of natural disasters become more frequent. This would require a complete reevaluation of the Group's operational strategies, including considerations related to building design, site selection, and landbank strategies. Such adjustments inevitably incur elevated operating costs and reduced productivity which, in turn, impacts the quality of the Group's products and services.

In response, MGB has initiated several prudent measures to manage emissions and build resilience towards climate change risk. Recognising the significance of this matter, climate change governance is spearheaded directly by the Group's Board and Management, seamlessly integrating strategic planning into every aspect of MGB's operations from the outset. Under this proactive, top-down approach, all of the Group's projects undergo an initial climate change scenario planning, allowing for personalised integrated approaches to mitigate potential climate-related risks.

#### TCFD Adoption

MGB's approach towards responsible climate management began with the integration of the Taskforce for Climate-Related Financial Disclosures ("TCFD") in line with the requirements of Bursa Malaysia. While this enhanced disclosures, it also had the added benefit of driving the concept of "common but differentiated responsibility" throughout the Group. Under this perspective, each division within the Group shares the responsibility of reducing carbon emissions and building climate resilience by playing their specific roles to reach the same goal. And to MGB, this goal is to achieve Net Zero Carbon Emissions by 2050.

In FY2023, MGB adopted a comprehensive roadmap aimed at achieving this goal. By actively integrating TCFD recommendations, this roadmap allows the Group to systematically track and measure its progress based on the different EESG milestones.

#### Governance

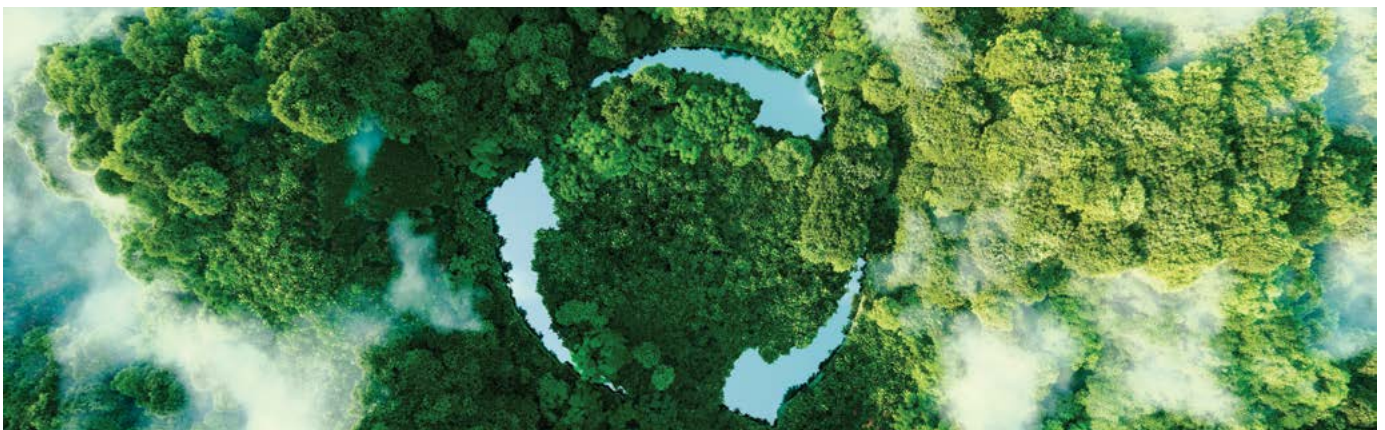
MGB adopts a comprehensive and strategic approach towards climate change governance. The Board maintains direct oversight of the topic through MGB's Sustainability Committee ("SC"). As the highest decision-making body within the Group, this ensures that all climate-related strategies are crafted based on their integration with MGB's overall business model.

The day-to-day execution and management of these strategies are handled by the Group Sustainability ("GS") team, which plays a pivotal role in translating the Board's climate strategies into actionable targets with tangible outcomes. This ensures that the Group's climate goals are practical, measurable, and achievable.

At the operational level, implementing said climate strategies fall under the purview of the various Heads of Departments ("HODs"). They are responsible for implementing the Group's climate strategies and targets into their departmental operations and monitoring the progress. The performance of these targets is periodically reported back to the GS and Board. This allows for the necessary realignment of goals and provides broad-level supervision of strategy effectiveness.



*More information on the Group's sustainability governance structure can be found in the Good Governance section (page 61).*



# Sustainability Report

## Strategies

### Net Zero Carbon Emissions by 2050 Roadmap

The main driving force of the Group’s operational strategies surrounding climate change is its Net Zero Carbon Emissions by 2050 Roadmap.

**Our Approach to Net Zero Carbon Emissions by 2050 Roadmap**

In our commitment to achieving carbon neutrality by 2050, we have developed a comprehensive roadmap with measurable short-term, medium-term, and long-term key performance indicators.

**2022**

**Short-Term Strategy: Setting Measurable Targets**

To align with our commitment, we have established measurable short-term objectives.

**2023**

**2025**

**Medium Term Strategy: Halving Emissions**

Enhancing our commitment to climate transparency and accountability, actively supporting TCFD to foster better climate-related financial disclosures. This initiative is part of our strategic approach to achieving our ambitious 2030 goal for greater climate resilience and sustainability, guided by two core strategies and six decisive climate actions.

Our Strategy	Our Climate Action
Business Strategy Integration	<ul style="list-style-type: none"> <li>Land Acquisition Due Diligence</li> <li>Digitalisation</li> </ul>
Operational Reduction	<p><b>Internal</b></p> <ul style="list-style-type: none"> <li>Decarbonisation Strategy</li> </ul> <p><b>Internal &amp; External</b></p> <ul style="list-style-type: none"> <li>Green Mission Programme</li> <li>Sustainable Procurement/Supply Chain</li> <li>Tenant Management</li> </ul>

**2030**


**Long Term Strategy: Climate Action**

Our long-term strategy is firmly rooted in a commitment to environmental stewardship and sustainable development. Central to our approach are two key climate actions designed to advance our sustainability objectives:

- Carbon Storage or Capture
- Investing directly/indirectly in large-scale solar farms

**2050**

- To achieve 5% reduction of energy intensity by revenue
- To achieve 5% reduction of carbon intensity by revenue












Under the Roadmap, the Group has structured a series of sustainability goals into short-term, medium-term, and long-term objectives. Each objective is backed by KPIs and targets that are regularly tracked to ensure steady progress towards achieving carbon neutrality.

Additionally, each objective is further linked to several strategic ESG targets, complete with interim milestones that allow the Group to track and measure its progress. These milestones play a crucial role in integrating MGB’s overarching strategy into its day-to-day operations, allowing for a more proactive stance in realising its net-zero ambitions.

# Sustainability Report

As part of its commitment, MGB has transitioned to the medium-term strategies of the roadmap to halve the Group’s operational emissions. In line with the TCFD framework, MGB has adopted two strategies alongside six climate actions to strengthen climate resilience by 2030.

Strategy	Climate Action
<b>Business Strategy Integration</b>	 <p><b>Land Acquisition Due Diligence</b> By exercising prudent decision-making when siting future development locations, MGB can ensure these areas are safeguarded against climate change risks, such as natural disasters.</p>
	 <p><b>Digitalisation</b> Leveraging digitalisation significantly boosts efficiency, enabling rapid execution of projects while minimising environmental footprint. For MGB, this is by focusing on its VaDTech to foster innovative ways to increase productivity and improve the Group’s competitive edge.</p> <p> <i>For more details, please refer to the <b>Operational Excellence Through Innovation</b> section (pages 67-69)</i></p>
<b>Operational Reduction</b>	<b>Internal</b>
	 <p><b>Decarbonisation Strategy</b> By adopting sustainable practices throughout its operations, especially in terms of energy consumption, MGB can actively minimise its carbon footprint.</p> <p> <i>More information on the Group’s sustainable energy practices can be found in the <b>Unlocking Energy Efficiency</b> section (pages 78-79)</i></p>
	<b>Internal and External</b>
	 <p><b>Green Mission Programme</b> MGB’s Green Mission Programme outlines an operational reduction strategy that focuses on energy transition, efficiency, innovation, and supply chain optimisation. This integrates initiatives across four critical areas – biodiversity, waste, energy, and water management – both internally and externally, to bolster climate resilience.</p>
	 <p><b>Sustainable Procurement/Supply Chain</b> It is important to MGB that its carbon reduction initiatives are equally adopted all across its supply chain. This creates a holistic approach that ensures all areas of the Group’s operations are contributing to its goal of Net Zero Carbon Emissions.</p> <p> <i>For more information, please refer to the <b>Responsible Supply Chain</b> section (page 66).</i></p>
 <p><b>Tenant Management</b> In 2024, MGB is deepening its commitment to sustainability by partnering with tenants through Sustainable Tenancy Initiative, aimed at embedding eco-friendly practices within the operations. This collaborative effort focuses on engaging tenants in sustainable activities, such as implementing energy-saving measures and minimising carbon emissions. By fostering a culture of mutual responsibility and environmental awareness, the initiative not only enriches MGB offerings but also contributes to the creation of green communities.</p>	

Looking beyond 2030, the Group’s focus extends to the execution of long-term climate action strategies. This involves the prioritisation of two climate actions, specifically carbon storage/capture, and investments, either direct or indirect, in large-scale solar farms. These strategic initiatives position MGB to combat climate change on two fronts – firstly, by mitigating carbon emissions from the energy sector through the ‘greening’ of the energy grid, and secondly, by innovatively removing excess carbon already present in the atmosphere.

## Sustainability Report

### Internal Carbon Pricing

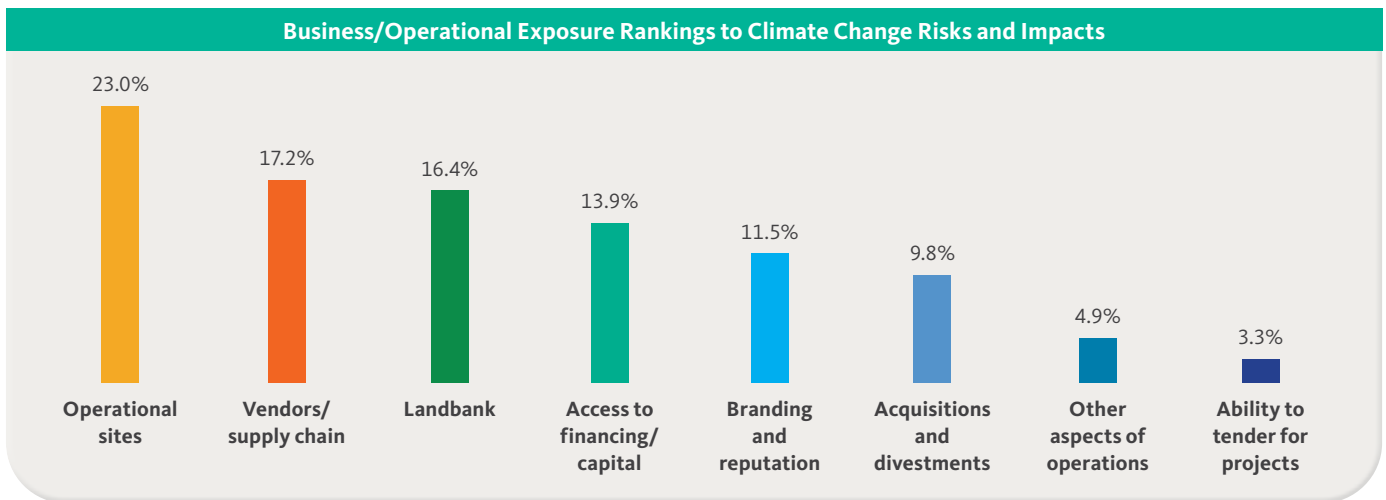
To further drive its efforts in mitigating climate change, MGB has taken the proactive step of voluntarily introducing an internal carbon pricing of RM20 per tonne CO<sub>2</sub>e in FY2023. This initiative, focusing on Scope Two emissions, accelerates internal decarbonisation and generates funds for carbon reduction and removal efforts. It also aligns with the launch of the Voluntary Carbon Market (“VCM”) by Bursa Malaysia back in FY2022 and the expected implementation of the Carbon Border Adjustment Mechanism (“CBAM”) from FY2023.

MGB’s actions are in line with the strategies outlined in the “*Pelan Kelestarian Alam Sekitar Malaysia 2020 – 2030*” which emphasise the need for an Emissions Trading System (“ETS”) and a carbon tax.

### Evaluating and Managing Climate Risks

#### Climate Scenario Planning

As part of the Group’s strategy to ensure long-term resilience against climate change risks, MGB conducted its first climate change risk assessment and scenario planning workshop in FY2023. This workshop aimed to identify the physical and transitional risks associated with climate change alongside their extent, severity, and timeframes, as well as potential mitigation measures the Group could implement to minimise potential impacts.



For the exercise, MGB conducted a risk assessment based on the following physical and transitional risks. For each risk, the Group identified several potential impacts and potentially how long it would take for these impacts to affect business operations. The timeframe used was short-term (“S”) for anything sooner than two years, medium-term (“M”) for impacts that would take three to five years, and long-term (“L”) for up to 10 years.

Potential Impacts	Timeframe	Mitigation Measures
<b>Physical Risk – Flash Floods</b>		
Increased damages and liabilities on ongoing projects	S to L	<ul style="list-style-type: none"> <li>Monitoring of rainfall at all construction sites via rainfall measurement devices</li> <li>Provisions for the development of large stormwater infrastructure including drains and retention ponds at all relevant sites if required</li> <li>Increasing training and awareness sessions on flash flooding as part of the overall OSH training for site workers at areas that may be prone to flash flooding</li> </ul>
Changes in planning and design, resulting in higher development cost	M to L	
Delay in construction time	S to L	
Supply chain disruptions	S to L	
Insufficient insurance coverage during construction	M to L	
Availability of suitable land bank for development	L	
Rise in vector-borne diseases	S to L	
Increased OSH incidents	S to L	

## Sustainability Report

Potential Impacts	Timeframe	Mitigation Measures
<b>Physical Risk – Rising Temperature</b>		
Changes in planning and design, resulting in higher development cost	M to L	<ul style="list-style-type: none"> <li>Continuous improvements in the defect management process, including incorporating the potential usage of automation and technology for swift and full rectification of defects</li> <li>Changes in design approach to maximise natural crosswind ventilations, more shaded areas, and reduced exposure to direct sunlight</li> <li>Increased use of landscaping (selection of shady trees, inclusion of water features, etc.) to provide a cooling effect</li> </ul>
Worker health issues and increased OSH incidents	S to L	
Increased issues of defects and liabilities	S to L	
<b>Physical Risk – Drought</b>		
Water scarcity	M to L	<ul style="list-style-type: none"> <li>Identify and tap alternate water sources</li> </ul>
<b>Transitional Risk – Increased Green Regulations</b>		
Increased green feature requirements within developments	M to L	<ul style="list-style-type: none"> <li>Continuous engagement with local, state, and federal authorities, as well as industry bodies and professional associations on the changing requirements. These include CIDB, MBAM, and other bodies</li> </ul>
Increased recycling of construction and other waste	L	
Increased requirements for water- and energy-saving features in developments	M to L	
CIDB initiatives (Green Building Index)	S to L	
<b>Transitional Risk – Access to Financing</b>		
Likelihood of reduced margin of financing or higher interest rates due to low ESG scores or high environmental footprint	L	<ul style="list-style-type: none"> <li>Continued engagements with bankers and financiers to understand their priorities for portfolio decarbonisation</li> </ul>
<b>Transitional Risk – Adopting Energy-Efficient Solutions</b>		
Increased costs to transition to RE/electricity use compared to fossil fuels	S to L	<ul style="list-style-type: none"> <li>Commence using a higher proportion of electricity at operation sites as opposed to fossil fuels</li> <li>Consideration for more “green features” in projects i.e. provision of EV charging stations, increased use of LED lighting for common areas, etc.</li> <li>Considerations for using green steel and green cement for projects, based on the client’s preference for such materials</li> </ul>

At the same time, the Group was also able to identify certain opportunities that may arise.

Potential Opportunity	Timeframe
<b>Increased Demand for IBS Precast &amp; Formwork Systems</b>	
Growth in business opportunities	S to L
Strengthening of brand reputation as a leading IBS solutions provider	S to L
Reduced manpower costs	S to L
Improvements in addressing physical climate change risks (i.e. faster building times reduce workers’ exposure to floods, increased temperatures, etc.)	L
<b>Purchasing of Carbon Credits</b>	
Offsetting carbon emissions	L
Opportunities for brand building and strengthening reputation as a responsible company	L
<b>Expansion into New Business Sectors &amp; Industries</b>	
Business diversification into new niche sectors (i.e. green buildings, thermal energy storage, cooling systems, data centres, etc.)	S to L

## Sustainability Report

The risk assessment exercise also resulted in climate change scenario planning based on the identified risks and opportunities and two climate change scenarios. These were the Network for Greening the Financial System (“NGFS”) Net Zero 2050 scenario and the Intergovernmental Panel on Climate Change (“IPCC”) Representative Concentration Pathway (“RCP”) 3.4. The NGFS Net Zero 2050 scenario is driven by national or regional commitments to achieve net-zero emissions by 2050, while the IPCC RCP 3.4 scenario outlines the potential impacts of climate change, including changes in temperature, precipitation levels, and sea level.

Scenario	Impact	Mitigation Measures
<b>Loss of Operational Days</b>		
<b>+5%</b>	Minor to no impacts on overall site progress and productivity.  No major financial impacts expected.	<ul style="list-style-type: none"> <li>Reassessment of work schedule and priority, expediting site work through a surge in manpower, machinery, equipment, and working hours.</li> </ul>
<b>+10%</b>	Moderate impact with significant project delays.  Some financial impacts are expected.	<ul style="list-style-type: none"> <li>Reassessment of work schedule and priority, expediting site work through a surge in manpower, machinery, equipment, and working hours.</li> <li>Negotiations with supply chain for expedited/advance supply of goods/services.</li> <li>Reassessment of project timelines, securing extensions from authorities.</li> </ul>
<b>+20%</b>	Significant financial impacts with EOD request being a necessity. Possible erosion of profit margins.	<ul style="list-style-type: none"> <li>Reassessment of work schedule and priority, expediting site work through a surge in manpower, machinery, equipment, and working hours.</li> <li>Negotiations with supply chain for expedited/advance supply of goods/services.</li> <li>Increased technological use. Machinery and manpower from unaffected sites would be brought in to supplement existing workforce.</li> <li>Request authorities for extended working hours.</li> </ul>
<b>Supply Chain Disruptions</b>		
<b>&gt;30 days</b>	Construction schedule delayed by a few weeks. However, this is still within the acceptable limits and will not cause major financial impacts.	<ul style="list-style-type: none"> <li>Continue diversifying and expanding supplier base with preference for local procurement.</li> </ul>
<b>&gt;90 days</b>	Construction schedule significantly delayed.  Some financial impacts are expected.	<ul style="list-style-type: none"> <li>Ensure all supply contracts have adequate provisions that protect MGB’s interest and hold subcontractors responsible in regards to delays. This may include monetary compensation.</li> <li>Alternative materials can be considered to circumvent supply chain blocks of usual materials.</li> </ul>
<b>&gt;180 days</b>	Construction schedule severely disrupted.  Significant financial impacts with EOT requests and renegotiation of contract terms with relevant parties becoming a necessity.	<ul style="list-style-type: none"> <li>Ensure all supply contracts have adequate provisions that protect MGB’s interest and hold subcontractors responsible in regards to delays. This may include monetary compensation.</li> <li>Alternative materials can be considered to circumvent supply chain blocks of usual materials.</li> <li>Leveraging insurance policies to ensure sufficient coverage.</li> <li>Undertake production of own materials where possible.</li> </ul>

## Sustainability Report

Scenario	Impact	Mitigation Measures
<b>Reduction in Worker Productivity due to Weather, Illness, etc.</b>		
<b>+5%</b>	Lower productivity and minor increase in medical claims.  Minimal financial impact.	<ul style="list-style-type: none"> <li>Rescheduling worker schedules to reduce incidence of illness among workers.</li> <li>Continue providing roofing and amenities to protect from direct heat, as well as ample water stations.</li> <li>Introduce shorter work shifts during hot periods.</li> </ul>
<b>+10%</b>	Substantially lower productivity and moderate increase in medical claims.	<ul style="list-style-type: none"> <li>Rescheduling worker schedules to reduce incidence of illness among workers.</li> <li>Continue providing roofing and amenities to protect from direct heat, as well as ample water stations.</li> <li>Introduce shorter work shifts during hot periods.</li> </ul>
<b>+20%</b>	Severely reduced productivity causing projects to be delayed.  Substantial increase in medical claims.  Project deadlines may not be met leading to significant financial loss.	<ul style="list-style-type: none"> <li>Rescheduling worker schedules to reduce incidence of illness among workers.</li> <li>Continue providing roofing and amenities to protect from direct heat, as well as ample water stations.</li> <li>Introduce shorter work shifts during hot periods.</li> <li>Securing of temporary surge capacity in manpower. Increasing work shifts during cooler periods of the day.</li> <li>Securing regulatory approvals to work on an extended daily schedule.</li> <li>Ensuring that workers work in cooler areas during the hottest periods of the day. Reschedule worker shifts during heatwaves. Increase medical coverage.</li> </ul>
<b>Increased Requirements for Green Building Features</b>		
<b>+5%</b>	Minor increase in overall cost. Possible to absorb cost and still retain healthy margins.  Ability to offer private financing unimpacted.	-
<b>+10%</b>	Moderate increase in overall cost with the possibility of requiring longer construction period.  Ability to offer private financing unimpacted.	<ul style="list-style-type: none"> <li>Reassess building design and materials. Design and innovate engineering methodologies.</li> <li>Possibility of transferring cost to project owner/end user to sustain margins.</li> </ul>
<b>+20%</b>	Major increase in overall cost. Significant replanning required with increased necessity for larger proportion of external borrowing to fund projects.  Ability to offer private financing may be significantly impacted.	<ul style="list-style-type: none"> <li>Reassess building design and materials. Design and innovate engineering methodologies.</li> </ul>

## Sustainability Report

### Metrics and Targets

MGB strives to approach its climate performance with transparency and accountability. As such, the Group has been disclosing its Scope One, Two and Three emissions regularly since FY2021. These disclosures have also been audited internally to ensure data accuracy.

The sources of MGB's emissions for FY2023 are:

- **Scope One (Direct Emissions):** Fossil fuel (diesel and petrol) consumption by company vehicles and company facilities
- **Scope Two (Indirect Emissions):** Purchased electricity consumed by operational activities
- **Scope Three (Other Indirect Emissions):** Employee commuting, business travel, and waste generated during operations

All emissions have been calculated following the methodologies established by the World Business Council for Sustainable Development and the World Resources Institute's ("WBCSD/WRI") Greenhouse Gas ("GHG") Protocol. The emission factors used are sourced from the Intergovernmental Panel on Climate Change's ("IPCC") Sixth Assessment Report ("AR6") and the Malaysian Green Technology and Climate Change Centre ("MGTC") for Scope One and Two emissions. Scope Three emissions were calculated based on data from the United Kingdom's Department for Environment, Food, & Rural Affairs ("DEFRA"). Commencing in FY2023, this updated methodology enables us to provide a more comprehensive breakdown of greenhouse gases (GHGs). Additionally, the GHG breakdown for Scope Two emissions is derived from the United Nations Framework Convention on Climate Change ("UNFCCC") Malaysia Biennial Update Report 2022.



For more information on MGB's emissions, please refer to the **Unlocking Energy Efficiency** section (pages 78-79)

### • UNLOCKING ENERGY EFFICIENCY

As a responsible industry player, MGB recognises that prudently managing its energy consumption can significantly impact the Group's environmental footprint. Therefore, the Group's commitment to sustainability entails a meticulous focus on energy consumption throughout its operations.

MGB understands the intricate connection between its energy usage with broader environmental and societal considerations. Furthermore, beyond the perspective of environmental and social stewardship, prudent and optimised energy consumption directly correlates with the cost, efficiency and quality of the Group's products and services.

As such, the Group diligently monitors and manages its energy consumption in alignment with the Group's robust HSE Policy and EMS 14001:2015 certification. The Group also ensures that all employees stay informed about the latest energy-saving measures through regular internal updates and training programmes.

To drive energy-saving measures, MGB has implemented measures to prevent unnecessary electricity wastage by posting signage in key areas throughout the offices. These signages were intended to remind employees to switch off lights and air conditioning before leaving. Looking ahead, MGB is further committed to replacing all lights in its offices with more energy-efficient versions. When a light fixture requires repair or replacement, the bulb will be replaced with an energy-saving LED light bulb. It is a small step but eventually, every light fixture within the Group's buildings will shift to more energy-efficient alternatives, contributing to overall energy savings.

### Accelerating Renewable Energy Solutions

MGB has ventured into renewable energy ("RE") to harness the vast potential of green energy generation. As a significant step in this direction, MGB has installed solar panels at its fully-owned IBS Precast Factory located in Nilai. This initiative aligns perfectly with the Group's goal of achieving Net Zero Carbon Emissions by 2050.



More information on this can be found in the **Net Zero Carbon Emissions by 2050 Roadmap** section (page 72).

Leveraging RE generation allows MGB to meet its internal energy demand efficiently while simultaneously reducing its dependency on traditional energy generation methods.

This move signifies a major shift towards greener operations that have a reduced environmental impact. The solar panels installed have been highly effective and have thus far generated up to 19,195 kWh of energy in FY2023. Additionally, MGB has been able to offset 14.55 tonnes of CO<sub>2</sub>e through this initiative, further reinforcing its commitment to reducing emissions.





# Sustainability Report

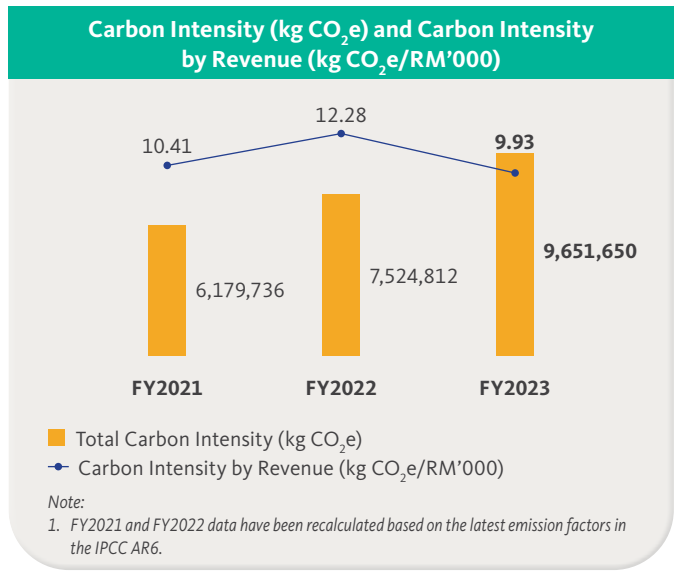
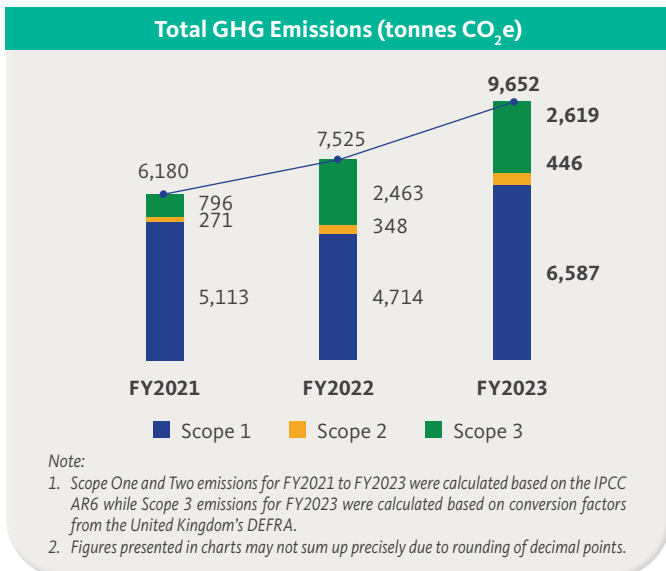
## Strategic Partnerships for a Sustainable Future

On a larger level, MGB has begun venturing into partnerships with renewable energy (“RE”) players to explore alternate sources of energy. In FY2023, the Group entered such a partnership by signing a Letter of Intent (“LOI”) with LBS Bina Group Berhad (“LBS”), Midwest Green Sdn Bhd (“MWG”), and the Malaysian Green Tech Corporation (“MGTC”) for the intent to explore a proposed innovative solar farm project.

The Group has participated in similar partnerships in the past, by entering a Framework Agreement with, leading green energy solutions provider, Invest Energy Sdn Bhd (“IESB”) for the development of a Centralised Utility Facility (“CUF”) Technology in Kertih Terengganu Industrial Park (“KTIP”). This partnership would improve the energy efficiency and environmental footprint of KTIP, which is operated by a subsidiary of MGB.

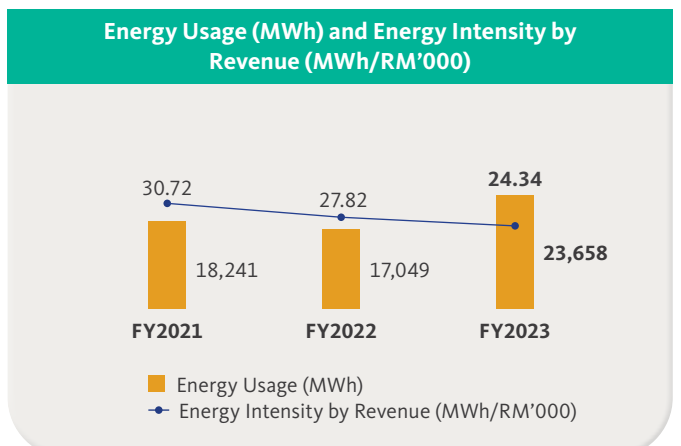
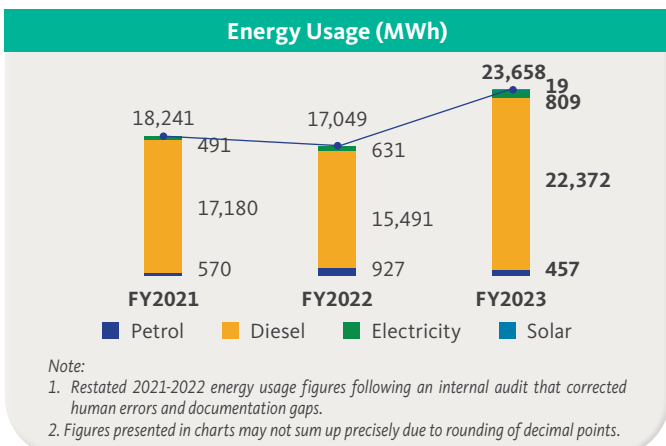
In terms of performance, MGB tracks energy usage based on the Group’s consumption of fossil fuel and purchased electricity. Fossil fuels, namely diesel and petrol, are used to operate the Group’s fleet of vehicles while electricity is primarily used to power buildings and offices.

The Group’s total energy consumption and energy intensity by revenue performance over the past three years are as follows:



**Performance:** Starting from FY2023, MGB expanded its Scope Three calculations to include waste generated in operations. This, as well as a general increase in operational activities, led to an increase in total emissions compared to the previous years. Even so, the Group’s emissions intensity over revenue saw a 19% drop compared to the FY2022 baseline. This reduction highlights the effectiveness of the Group’s optimised energy and emissions reduction measures.

## Energy Usage and Energy Intensity by Revenue



**Performance:** MGB experienced increased operations in FY2023, which in turn, led to a rise in overall energy consumption. However, given its commitment to driving energy efficiency throughout its operational processes, MGB managed to reduce its energy intensity measured against revenue by 12.50%.

# Sustainability Report

## • CHARTING SUSTAINABLE WATER MANAGEMENT

Water conservation is important to MGB and it consistently implements proactive measures to reduce consumption wherever applicable. The Group’s water supply is exclusively sourced from municipal sources, with consumption closely monitored through monthly bills.

In the construction sector, water plays a critical role, directly influencing the quality of products and services. Given its importance, MGB has a robust internal HSE Policy in place to manage water consumption. This approach is further fortified by the Group’s ISO 45001 certification, which has been in effect since 2018.

Beyond its conventional uses in landscaping, general cleaning, and internal plumbing, water also plays a vital role in the construction sector, particularly in cooling machinery and during the concrete batching process – areas prone to higher water consumption, especially the latter. Recognising the potential for wastage, the Group meticulously monitors concrete usage to prevent excessive water consumption in line with project specifications.

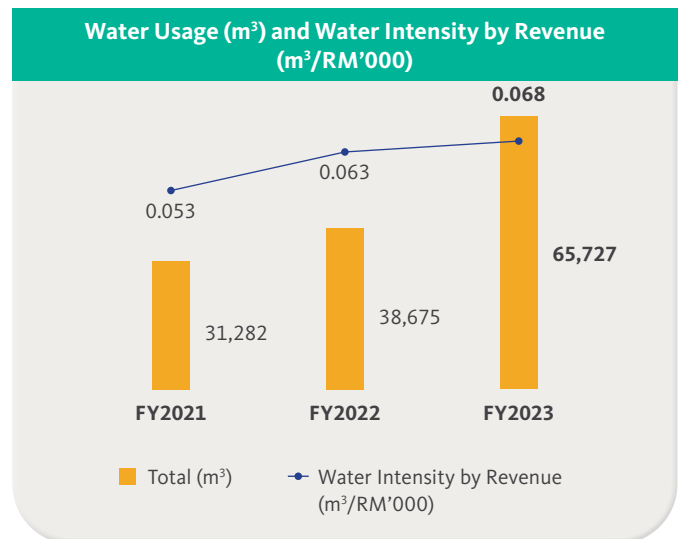
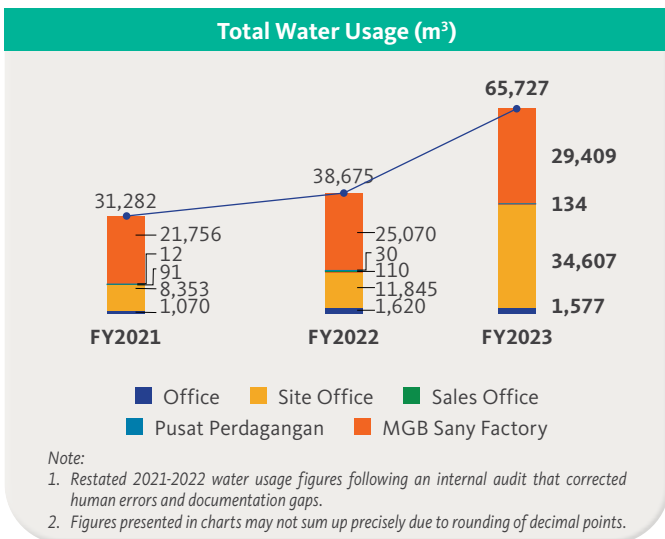
The Group’s water conservation efforts are further facilitated through the recycling of water for other uses. For example, non-critical works such as road cleaning or dust suppression often come from nearby sources like silt traps instead of municipal water sources.

Looking ahead, MGB is dedicated to further advancing water conservation efforts. By FY2028, the Group aims to establish a comprehensive management plan that covers all project sites. This plan will reduce the Group’s dependency on potable municipal water sources by identifying and utilising alternative water sources within project areas. Simultaneously, MGB is also actively exploring other viable sources of sustainable water, such as the use of groundwater at the Cybersouth site for daily non-potable usage.

A water footprint assessment is in the works for MGB’s manufacturing arm. This assessment will allow the Group to track water usage in the MGB SANY manufacturing plant and develop strategies for additional water savings. In fact, such tracking measures throughout all its projects will allow the Group to eventually implement water-efficient fittings and devices in high-use areas for a more comprehensive water management approach.

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### Water Usage and Water Intensity by Revenue



**Performance:** MGB’s water performance in FY2023 had a nuanced trend. There was a slight uptick in water intensity measured over revenue by 7.16% compared to FY2022 levels as the Group saw a growth in operational activities. This, in turn, led to increased water consumption, particularly within the MGB Sany Factory and other site offices. However, MGB’s prudent water management approach ensured that the increase remained minimal, highlighting its commitment to responsible water usage.

### Effluent Management

Another way the Group ensures responsible and prudent water management is through the stringent management of wastewater effluents that cannot be recycled. MGB ensures that all discharges are in strict compliance with the Department of Environment (“DOE”) Malaysia’s Environmental Quality Act (“EQA”) 1974. The adherence to this act underscores the Group’s commitment to maintaining environmental standards and safeguarding the ecosystem from potential harm caused by wastewater discharge.

## Sustainability Report

To ensure compliance with the established limits, effluents from MGB's project sites are subjected to periodic measurements and rigorous monitoring. Due to this meticulous approach, the Group has been able to maintain its compliance with regulatory standards and recorded zero instances of non-compliance in FY2023. This not only reflects MGB's dedication to environmental stewardship but also its commitment to upholding the highest standards of regulatory compliance.

#### • DRIVING WASTE REDUCTION THROUGH CIRCULAR ECONOMY

The inherent nature of the Group's business operations will undeniably generate some level of waste. However, MGB still recognises that there are efforts it can take to reduce as much of this waste as possible. The Group believes that proper waste management is an important topic as it directly influences the amount of impact MGB has on the surrounding environment. Inadequate waste management practices not only pose harm to the environment and surrounding communities but also risk polluting the very resources integral to the Group's daily operations.

MGB's commitment to responsible waste management is encapsulated in a 6-level waste management hierarchy. Through this structured approach, MGB aims to eliminate pollution and reduce the volume of waste diverted to landfills. This latest waste management system is mandated by the Group to be implemented at all project sites, both existing and new, starting from FY2023. The introduction of this system also integrates seamlessly with MGB's other existing initiatives and policies such as its HSE Policy, EMS 14001:2015 certification, and zero single-use plastic practice being implemented at the Group's construction sites. Ultimately, the idea is not merely reducing waste but also fostering the adoption of 'green practices' among the workforce.

The Group's utilisation of innovative construction technology has already allowed it to reduce waste by optimising resource consumption throughout its operations. For example, MGB's reliance on IBS Precast Construction System and Aluminium Formwork System focuses on precision in the construction process. This reduces the consumption of materials like timber and concrete, indirectly also cutting down on the amount of waste produced. Similarly, BRC is cut to specific sizes at a fabrication factory to prevent wastage later on at the project site.

When it comes to hazardous or scheduled waste, MGB ensures meticulous adherence to storage and disposal procedures as outlined by the Environmental Quality (Scheduled Waste) Regulation 2007. Beginning in FY2023, the Group also requires all new project sites to implement proper scheduled waste management. As a construction company, MGB mainly produces four types of scheduled waste – oil-water mixture (SW 309), contaminated soil or debris (SW 408), contaminated containers, bags, or equipment (SW 409), and contaminated rags, plastic, papers, or filters (SW 410). These hazardous wastes are stored at a designated scheduled waste storage at the site. Collection and disposal are done by DOE-licensed third-party contractors at sites approved by the authorities.

The Group's new waste management approach does not stop at the construction site. Within its offices, employees are constantly encouraged to practice prudent waste management practices. For example, reusing single-sided printed paper for internal documentation. All sites and offices under the purview of MGB are also provided with 3R bins to promote the separation and recycling of general waste. Overall, the Group's approach has been successful in diverting 5.83% of waste away from landfills from both own-managed properties and construction sites combined.

#### Trash to Treasure: Employee Engagement in Waste Management during Green Day

On 1 December FY2023, MGB participated in a special event called "Green Day". Held in conjunction with World Environment Day, this event served as a platform for MGB to demonstrate its commitment to environmental stewardship through responsible waste management and effective resource consumption.

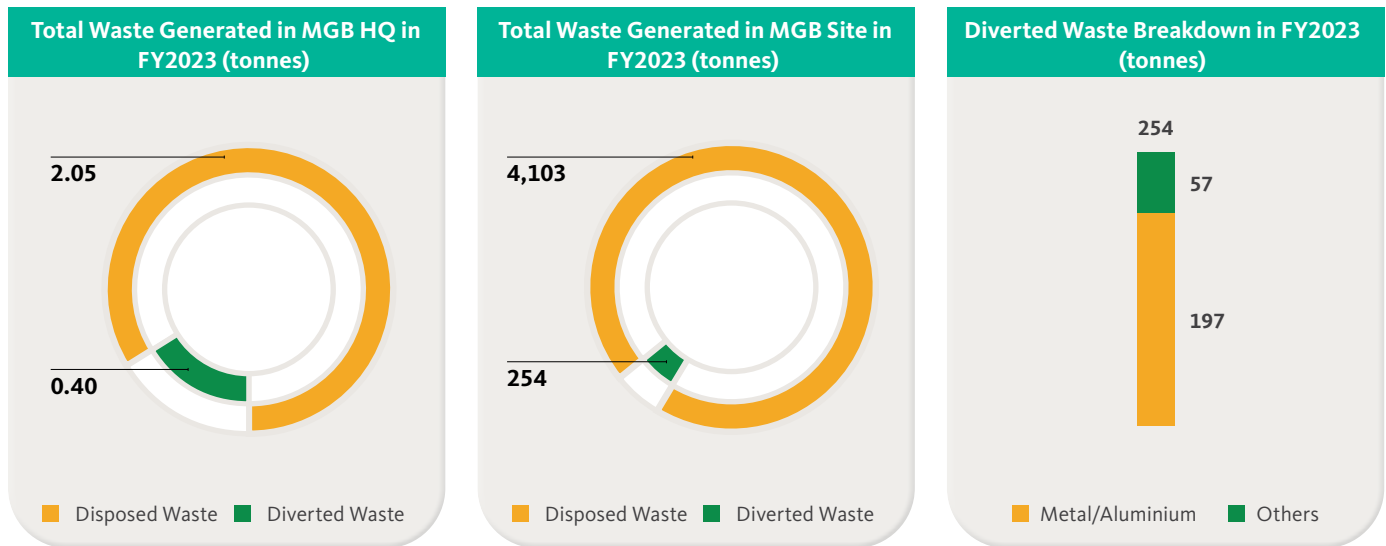
In the month leading up to the event, MGB initiated an individual recycling competition among its staff. The competition, which ran from 26 October, was designed to instil a culture of waste management within the Group's workforce. The competition concluded during Green Day with 3 employees recognised as contributing the most recyclable items. In addition to the competition, MGB had also established DIY recycling corners on every floor of its main office. These efforts resulted in a 7% participation rate in recycling activities and led to the collection of 399 kg of recyclables.

One of the main highlights of the Green Day event was the launch of MGB's 6-level waste management hierarchy. This hierarchy, which encompasses Prevention, Reduction, Reuse, Recycle, Recovery, and Disposal, is a testament to MGB's dedication to reducing waste and enhancing resource efficiency through the principles of the circular economy. An awareness talk was organised to introduce the staff to this new approach, emphasising the need for a collaborative approach in driving MGB's waste management strategy.

The Green Day event also featured a preloved market, providing an opportunity for employees to sell their preloved items. Any items that remained unsold at the end of the event were donated to Kloth Cares, a fabric recycling enterprise. This initiative underscored MGB's dedication to sustainability while highlighting the different ways to tackle waste management.

## Sustainability Report

MGB implemented comprehensive segregation and monitoring of waste across all its operations in FY2023. This strategic approach not only facilitates the Group's waste reduction but also enables it to identify primary waste sources within its operations. As a construction company, a large bulk of the waste MGB disposes is construction waste. With that said, the Group diligently collects and recycles other waste whenever possible. For instance, at the MGB Sany Precast Factory, over 190 tonnes of metal was recycled throughout FY2023, representing 100% of the metal waste produced there. This approach marks MGB's first steps towards actively managing its waste, with FY2023 serving as a baseline for any future reduction efforts.



### • RETHINKING RESOURCE CONSUMPTION

Tying in with its responsible waste management initiatives, MGB approaches resource consumption and management with the same principles of environmental stewardship and efficiency. The Group is committed to reducing its reliance on natural resources throughout its operations wherever possible by relying on MGB's innovative VaDTech solutions and the Group's Sustainable Procurement Policies.

 More information on the Group's innovative measures can be found in the **Operational Excellence through Innovation** section (pages 67-69) while details on MGB's Sustainable Procurement Policy and material management can be found in the **Responsible Supply Chain** section (pages 66-67).

### Volatile Organic Compounds

Volatile organic compounds ("VOCs") are compounds contained within paints and emulsions that are released during usage and drying. Given their extensive use in the construction sector, MGB has consistently undertaken efforts to minimise these emissions throughout its operations. To achieve this objective, the Group ensures that all paints and emulsions utilised during the construction process contain minimal to no VOC.

Paint Usage (l)	VOC Emissions (kg/l)		
	FY2021	FY2022	FY2023
External	85.67	103.63	<b>577.40</b>
Internal	4.30	13.89	<b>49.46</b>
Metal & Wood	0.16	1.10	<b>2.66</b>
<b>Total</b>	<b>90.13</b>	<b>118.63</b>	<b>629.52</b>

Note:

VOC content for External paints averages at 5.62 g/l while Internal and Metal & Wood paints average at 0.15 g/l.

### • MONITORING ENVIRONMENTAL COMPLIANCE

In adherence to the regulatory requirements governing the construction sector, MGB conducts regular environmental performance monitoring to ensure strict compliance with government-prescribed regulations. This is especially regarding issues relating to air, water, and noise pollution. The Group's steadfast commitment to compliance is evident as it has not received any fines or site closure notices throughout FY2023.

## Sustainability Report

Apart from monitoring, MGB also proactively implements pollution-prevention practices based on issues that are observed on-site. For example, the Group's construction sites are prone to air pollution caused by dust, especially during dry weather. In response, the Group ensures that all active project sites are provided with two water bowser lorries to water the roads every hour as a dust control measure.

#### • BIODIVERSITY CONSERVATION

MGB deeply acknowledges the intrinsic value of biodiversity in maintaining the equilibrium of the natural environment and its profound impact on communities relying on the ecosystem's services. Recognising the inevitable biodiversity loss associated with the Group's construction operations, its commitment to biodiversity conservation has only strengthened.

In terms of projects, the Group's goal extends beyond mere compliance with existing green landscape regulations. Instead, it aims to surpass them by 10% by FY2025. There has already been significant progress on this in FY2023 as MGB achieved 15% green landscape coverage in its active projects.

While MGB does not operate in or around high conservation value sites, the Group conducts regular biodiversity assessments – either before a project's commencement or as periodic standalone audits. Through these assessments potential flora and fauna species with significant conservation value can be identified, allowing the Group to coordinate appropriate conservation or management responses.

Striving towards a net-neutral or positive biodiversity impact, MGB staunchly opposes unnecessary biodiversity loss during the construction process. For instance, during the tree felling stage, specific trees of designated size or age are transplanted instead of being simply cut down. Moreover, MGB makes an active effort to replace felled trees with other native or endangered species as part of our landscape planning.

#### One, Two...Plant a Tree!

MGB participated in the LBS "One, Two...Plant a Tree!" initiative, a key component of the LBS Green Mission with the aim of inspiring Group employees to take an active role in tree planting. Beyond greening the environment, it also allowed MGB to reduce its carbon footprint and enhance community spaces. It's an endeavour that empowers the Group's workforce to become environmental stewards, contributing to sustainability goals through personal action and teamwork.

Recently, the Group has conducted biodiversity assessments at the following project sites:

Future and Current Projects	Key Biodiversity Area ("KBA")	Type of KBA	Biodiversity Trigger	Detail on Proximity	Status of Management Plan
Alam Perdana, Selangor	North-Central Selangor Coast	Important Biodiversity Area	Threat to Mangrove Flora/ Migratory Bird Species	Not within 5km range	Step 1 – Physical Proximity to Biodiversity Areas Assessment
Cahaya Alam, Selangor					
Idaman BSP, Selangor					
Skylake, Selangor					
Astella, Selangor					
Bukit Jalil, Selangor	Hulu Gombak-Sungai Lalang Forest		Presence of Endangered/ Vulnerable Migratory Bird Species		
Cybersouth, Selangor					
Idaman Sari, Selangor					
Saujana Indah, Johor	Panti Forest and Ubin-Khatib		Threat to Forest Reserve/ Vulnerable Species		
Laman Bayu, Johor	South-West Johor Coast		Threat to Vulnerable Aquaculture Species/ Migratory Birds		

Sustainability Report

S O C I A L   E N R I C H M E N T 



MGB's Goal

Foster inclusive and thriving communities and workforce through technology-enabled skills development, workplace safety initiatives, and accessible construction projects.

The aspect of social performance remains integral to MGB's business operations as it primarily involves the management of the workforce – a fundamental necessity for the Group's ensured business continuity. As such, the Group pays specific attention to the topics of talent and labour management. MGB aspires to be a world-class employer that holds the best interest and professional development of its employees at heart.

At the same time, MGB also strives to leave positive societal impacts on the communities around it by enhancing its local community engagement. This concern also extends to workers who are not directly under the Group but are part of its extended supply chain.



Material Matters:

- Occupational Safety and Health
- Labour Practices and Human Rights
- Talent Retention and Attraction
- Diversity, Equity and Inclusion
- Community Engagement

Highlights

-  Achieved **2.0 LTI**
-  **No incidents** of human rights violations
-  **100% of employees** have received OSH training
-  Achieved **130 volunteering hours**

# Sustainability Report

## • HUMAN CAPITAL DEVELOPMENT

### Training and Development

MGB is deeply committed to fostering a skilled workforce and actively engages in the advancement of its employees’ careers through targeted and innovative training initiatives. The Group places a strong emphasis on professional development as it understands its ties with enhancing employee competency, supporting succession planning, and reinforcing overall morale and satisfaction.

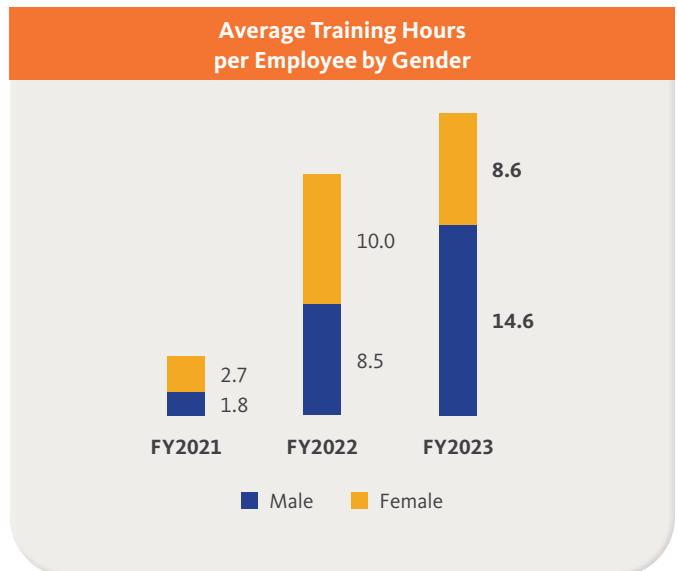
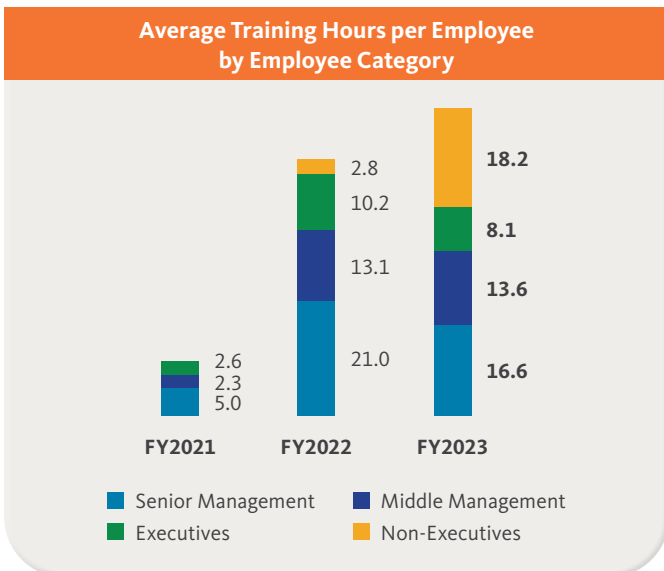
All of the Group’s training efforts are coordinated by the HR Department, working collaboratively with the relevant Heads of Departments (“HODs”). This ensures there is a consistent and comprehensive approach to professional development across MGB. To further streamline the process, the Group has established a Training and Development Standard Operating Procedure (“SOP”) that guides on the overall management approach to training. This SOP involves identifying skill gaps during the appraisal process and subsequently offering tailored training opportunities to address them.

This appraisal process is a formal assessment conducted annually to monitor the performance of the Group’s employees and identify areas for improvement. Employee appraisal is a transparent two-way process that encourages employees to have an open dialogue with their respective HODs on their work performance. Through these appraisals, MGB actively promotes career advancement and contributes to higher employee satisfaction and retention rates. All Group employees underwent the appraisal process in FY2023.

Beginning back in FY2022, MGB had committed to regularly contribute resources to the Human Resources Development Fund (“HRDF”) under the Ministry of Human Resources (“MOHR”). This will enhance the availability of HRDF-claimable training opportunities.

In addition to formal training programmes, MGB fosters employee development through engagement campaigns tailored to promote professional growth. The “Heroes for Change” intraoffice campaign is a recent example, aiming to motivate employees and equip them to navigate challenges effectively. Through this campaign, employees learn to act swiftly, remaining agile, innovative, and competitive, while breaking down departmental and multigenerational barriers. Ultimately, this encourages the free expression of ideas that add value to MGB’s business operations.

The Group successfully organised an average of 13.2 hours of training per employee in FY2023.



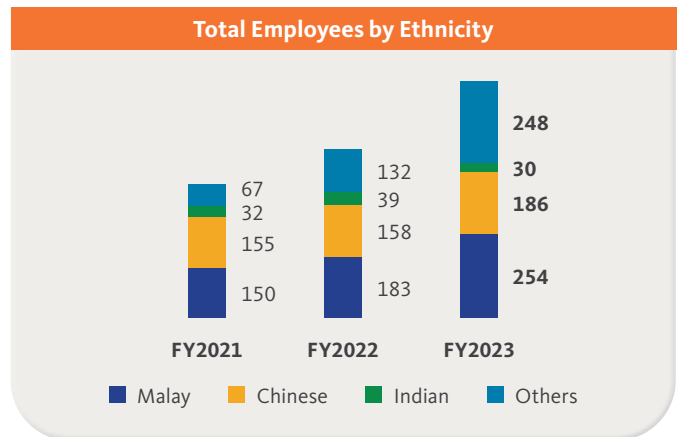
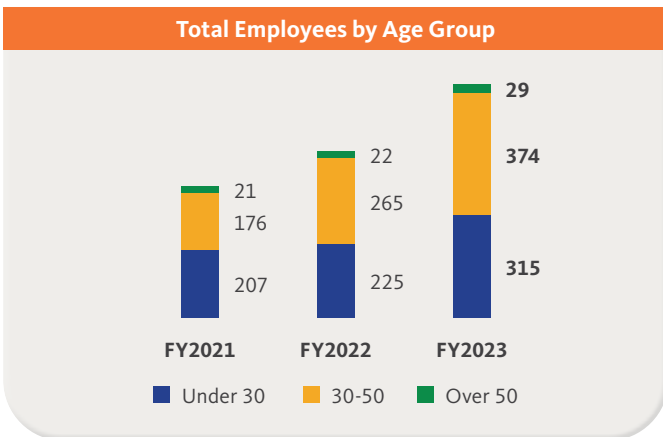
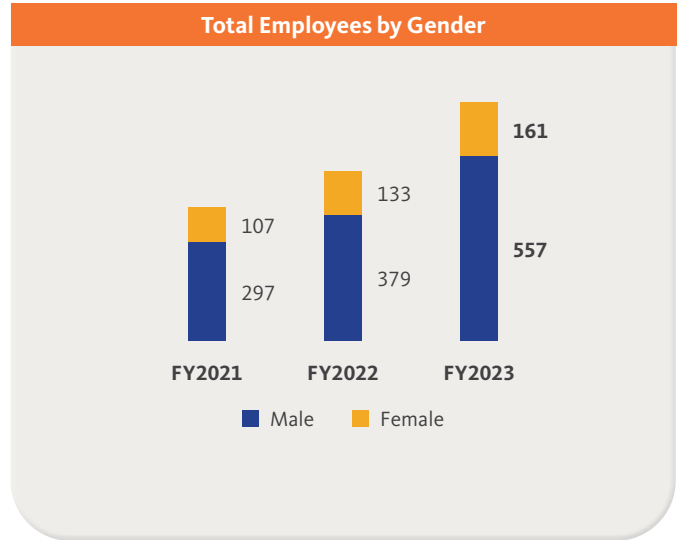
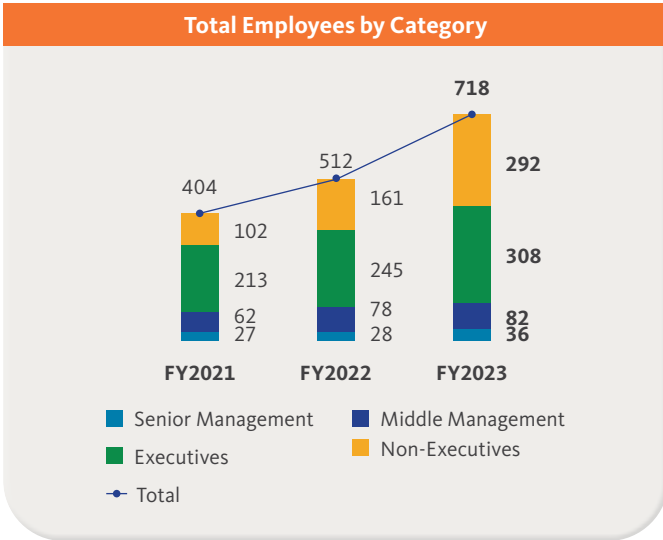
## • DIVERSITY, EQUITY AND INCLUSION

MGB upholds a non-discriminatory approach to workforce management where employees are judged based on their competencies and professional contributions. As such, the Group strictly enforces a zero-tolerance policy against any form of discrimination as part of its commitment to foster a safe and productive work environment.

In the case of any such incidents, MGB has instituted a confidential and responsive grievance mechanism for employees to make reports. This mechanism follows the prescriptions of its Whistleblowing Policy and ensures that all reports are investigated while safeguarding the anonymity and privacy of the reporter. No such reports were made in FY2023.

# Sustainability Report

While the Group maintains a gender-neutral approach to hiring, the physically demanding nature of the construction industry naturally attracts more male applicants. However, the imbalance is offset by prioritising more women in office and management-related positions.



## • TALENT MANAGEMENT AND RETENTION

Effective talent management is a cornerstone for the economic viability of any organisation – and MGB is no different. By employing a holistic approach that encompasses strategic recruitment practices and fosters the continuous development of diverse skill sets within the workforce, MGB aims to drive robust value creation. Given the critical importance of this topic to the Group, the topic of employee management falls under the direct oversight of the Company’s Top Management, who establishes guidelines for the Group’s HR team to execute.

### Hiring and Attrition

#### Hiring

In the rapidly advancing landscape of today’s industry, it has become increasingly important for companies to attract and retain skilled professionals. At MGB, the approach is grounded in a commitment to meritocracy, where individuals are hired solely based on their abilities and experience.

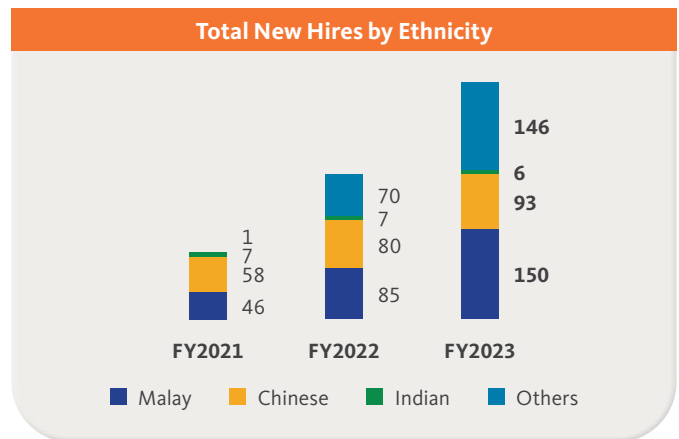
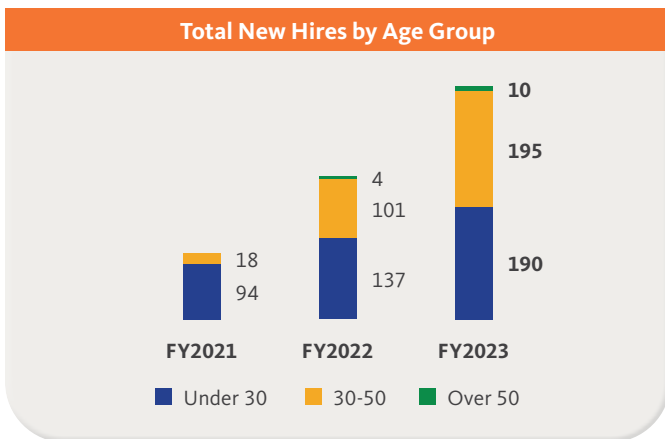
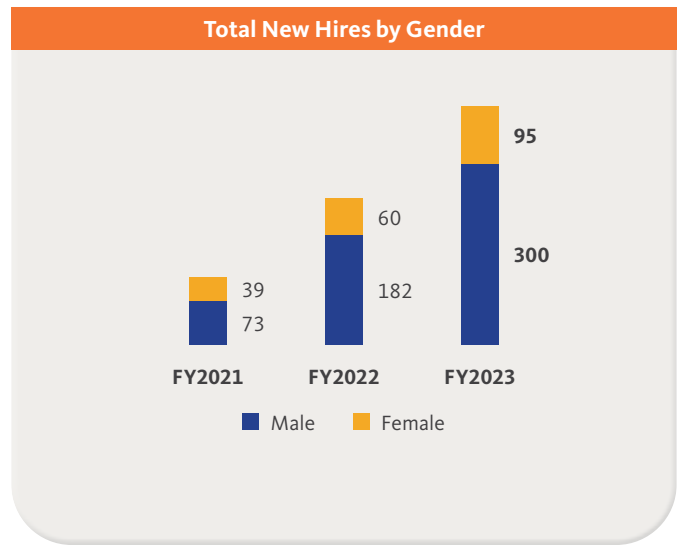
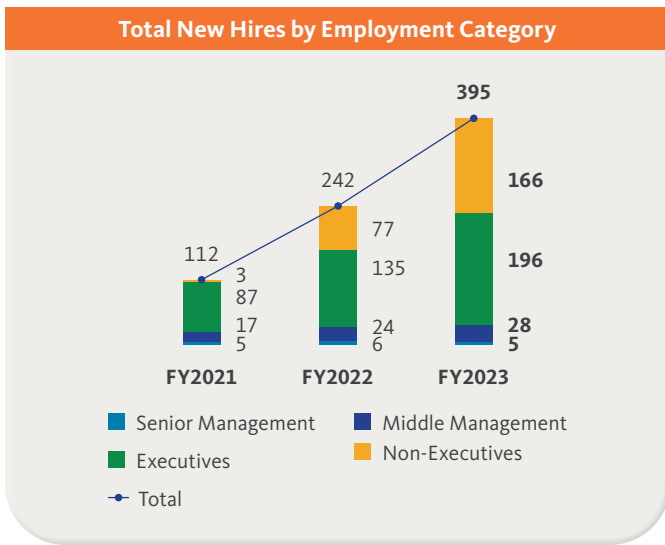
The recruitment process at MGB is managed by the Group HR department, guided by the Group’s Recruitment Policy. This ensures that no form of discrimination occurs during the recruitment process, and no candidate is overlooked due to gender, age, race, or other factors not related to their working capability.



## Sustainability Report

Successful applicants who join MGB undergo a structured orientation and induction process, which is part of the standard onboarding procedure. This applies to all new recruits as well as incoming Board members. Individuals participating in the induction process benefit from seamless integration into MGB’s work culture and internal workflows, facilitating optimal performance.

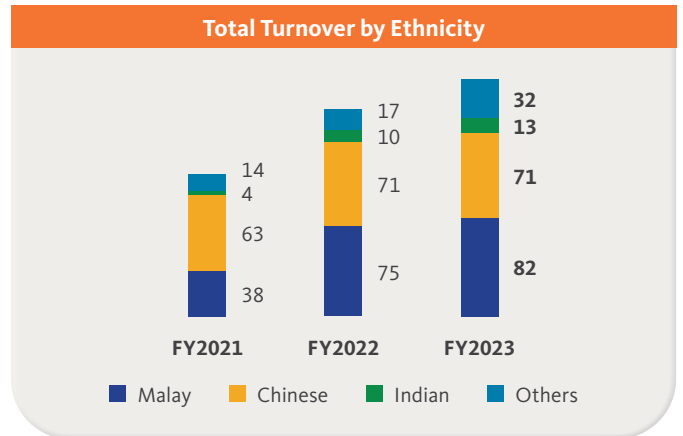
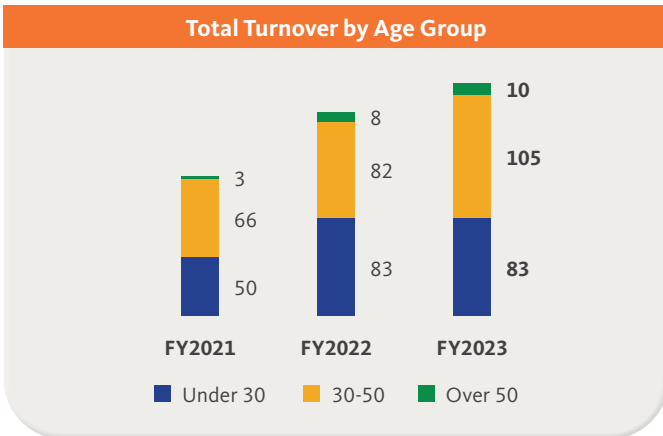
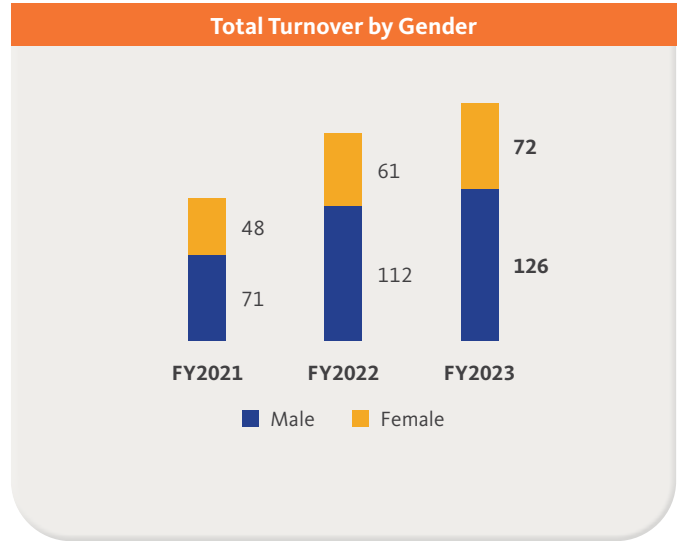
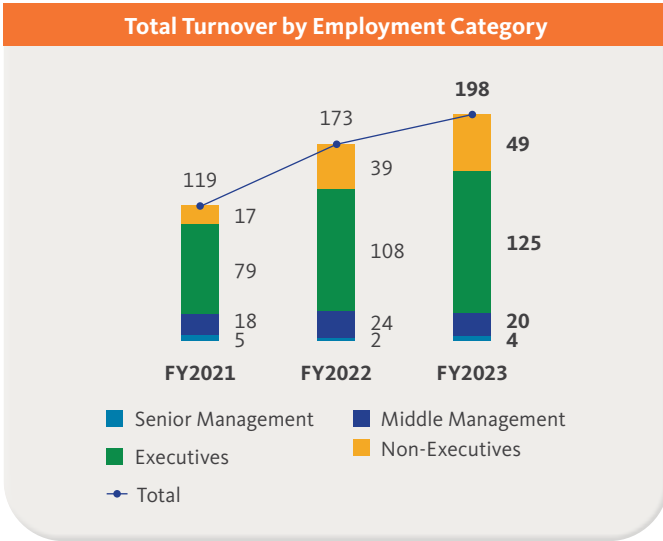
Beyond this, the induction process also serves as a communication channel, notifying new employees of the Group’s commitments and policies on matters such as anti-corruption, labour laws, and OSH violations, among others. During this process, employees are briefed in detail on the definition and consequences of illegal or unethical behaviours, such as corruption, harassment and discrimination.



### Attrition & Turnover

Despite MGB’s best efforts, the organisation understands that employee attrition is a normal part of running a business. As such, MGB has instituted a constructive practice to obtain valuable insight from departing employees. This practice takes the form of an exit interview, in which employees who have resigned are allowed to candidly share their feedback. The exit interview is a transparent process that involves a set of structured questions aimed at probing the employee for insights that can be used for improvement. Importantly, while MGB encourages earnest and honest feedback to facilitate such improvements, employees are not obligated to reveal the specifics of their resignation.

Sustainability Report



Performance Appraisal

MGB approaches employee evaluations through a comprehensive and structured performance appraisal system. Annually, each member of the workforce participates in a formal appraisal process that involves providing feedback and self-assessment. This approach is an important way to assess individual performance against the Group’s established goals and objectives.

Rather than a simple assessment-based system, MGB’s appraisal approach is collaborative, engaging both the employees and their supervisors to pinpoint areas for skill development and foster professional growth. Often, this can lead to the creation of tailored training programmes by the HR Department.

In FY2023, all Group employees had undergone a performance appraisal.

Remuneration and Benefits

MGB remains committed to providing its employees with competitive remuneration as a gesture of appreciation for their dedication to driving the success of the Group. This commitment is entrenched in the Group’s comprehensive Remuneration Policy, providing equitable rewards based on an individual’s performance. The policy is endorsed by the Board and undergoes periodic reviews and updates to ensure it stays up-to-date with current industry practices.

The remuneration package encompasses salaries, bonuses, allowances, and various other employment benefits in line with the requirements of the Employment Act. A distribution bell curve is used to plot employee performance, allowing the Group to better group low, average, and high performers within the workforce. This is then used as a guide for determining annual increments and other forms of remuneration.

## Sustainability Report

Employee Benefits	FY2021	FY2022	FY2023
	RM'000		
Total payments made to employees in terms of salaries, bonuses and benefits	30,099.20	34,092.80	<b>45,529.12</b>
Total statutory payments made for employees' retirement benefits (EPF)	3,158.56	3,465.83	<b>4,401.35</b>
Total payments in medical insurance (SOCISO) for employees	266.51	295.38	<b>416.30</b>

Additional benefits provided to our full-time employees are as such:



Return to Work		FY2021	FY2022	FY2023
Return to Work Rates (return to work after parental leave period)	Male	100%	100%	<b>100%</b>
	Female	100%	100%	<b>100%</b>
Retention Rates (remain with the organisation for 12 months or more post parental leave)	Male	100%	100%	<b>100%</b>
	Female	100%	100%	<b>88%</b>

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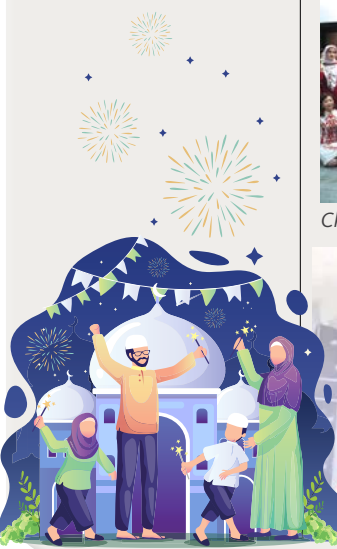
Corporate Governance

## Sustainability Report

### Employee Engagement

MGB actively searches for avenues to positively engage its workforce. In FY2023, multiple employee engagement programmes were conducted, including:

#### FESTIVALS



Chinese New Year



Hari Raya



Christmas



Merdeka



Christmas

#### HEALTH & WELLNESS



Fitness and Wellness Day

#### LEISURE/SUSTAINABILITY



Departmental Idea Pitch



Ice Cream Day



Green Day



## Sustainability Report

**MGB Festive Celebrations**

As an organisation with a diverse group of employees from various ethnic backgrounds, MGB always takes the opportunity to show its appreciation by hosting events during different festive celebrations. These events are not only a reflection of the Group's inclusive culture but also serve as a platform for team-building and fostering unity among staff.

**Ice Cream Day**

As a refreshing break for its workforce, MGB organised an Ice Cream Day event to increase engagement and show appreciation to the staff for their hard work throughout FY2023.

**Departmental Idea Pitch**

The Departmental Idea Pitch was a competition held among MGB's staff as a way to cultivate creativity and generate new ideas aligned with diverse sustainability topics. 12 teams from across the Group participated, with the top four advancing to the grand finale. Ultimately, this event managed to enhance ESG knowledge among the workforce and provided the Group with useful ideas on how to refine our sustainability practices based on 21 material topics.

**Dress-Up Friday**

Two themed Dress-Up Friday events were organised during FY2023, encouraging MGB staff to participate by dressing according to specified themes, namely Batik Heritage and Rock 'n' Roll. These events served as enjoyable opportunities to engage employees in a fun way while promoting the Group as having a fun and relaxed working environment.

**Succession Planning**

MGB has instituted a Succession Planning Policy to ensure smooth transitions and maintain leadership continuity within the Group. This move is crucial for addressing the inevitable changes in management and mitigating the risks that arise from vacancies in key positions. The Succession Planning Policy emphasises collaboration across the Group to identify high-potential employees and prepare them for advanced roles through mentoring, coaching, and training. The aim is to create a diverse pool of qualified and motivated employees ready to take on leadership roles.

Under the policy, the Board is tasked with succession planning for top management roles, such as the GMD, Chief Executive Officer ("CEO"), or Executive Directors. Meanwhile, the Executive Directors oversee the succession planning of other critical roles, including the Deputy CEO, Chief Operating Officer ("COO") and HODs. This process involves a systematic approach by identifying talent needs, determining the capabilities of the Group's existing workforce, and developing high-level plans to prepare selected employees for their future roles.

**• LABOUR PRACTICES AND HUMAN RIGHTS**

As an ethical and equitable employer, MGB maintains strict compliance with all relevant employment and human rights regulations that apply to its diverse workforce. In Malaysia, MGB aligns with the Malaysian Employment Act 1955, which prohibits the engagement of children and forced labour in all aspects of its business operations. To further strengthen its human rights commitment, the Group also extends compliance with laws such as the Children and Young Persons (Employment) Act 1966.

Internally, MGB champions human rights through its dedicated Human Rights Policy, which underscores the Group's commitment to providing a safe and inclusive work environment, free from discrimination and exploitation. The policy also upholds employees' rights to freedom of association and collective bargaining, ensuring fair representation.

These principles go beyond MGB's organisational boundaries, extending to its third-party workers. These workers are provided with essential healthcare, fair remuneration, and decent accommodation. Moreover, the Group does not condone unethical labour practices such as holding onto the passports of foreign workers. This aligns its practices with the UN Guiding Principles on Business and Human Rights and the UN Concept.

The Group's stringent approach also applies to its subcontractors, who are consistently reminded of its policies against forced or illegal labour. Any subcontractor found engaging in such practices faces immediate contract termination and will be reported to the relevant authorities. Third-party labour contractors must furnish documented evidence of compliance with labour laws.

In FY2023, there were no instances of human or labour rights violations in the Group, including the use of children or forced labour in the workforce.

**• OCCUPATIONAL SAFETY AND HEALTH**

Occupational Safety and Health ("OSH") is considered a crucial topic to MGB, reflecting the Board and Management's deep concern for the well-being of not only its employees and third-party workers but also local communities and any other stakeholders who may be involved.

OSH matters are reviewed quarterly, with Management leading the discussions on any OSH issues and their necessary control measures. Whenever required, revisions are periodically made to the Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") to address evolving safety concerns.

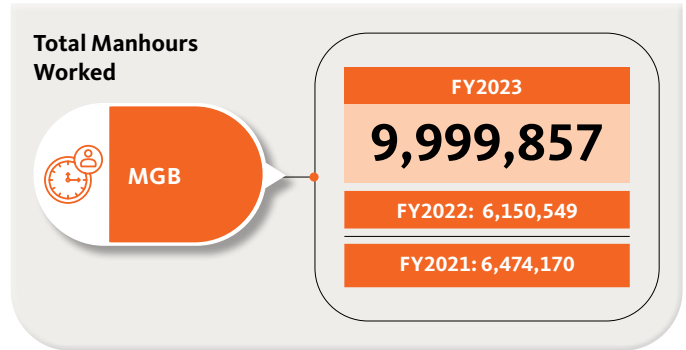
The overarching objective of the Group's OSH initiative is to cultivate a safe and conducive work environment by preventing accidents. This commitment not only enhances productivity but protects employees from undue harm and fatalities.

## Sustainability Report

Beyond its moral imperative, comprehensive OSH measures can also affect the Group’s business operations and economic performance. Any OSH incident can disrupt project timelines, leading to delays and increased rectification costs. Additionally, as the Group’s reputation is also tied to this matter, high OSH incidents can negatively influence the perceptions of MGB’s safety and reliability.

As construction projects increased year-on-year, MGB recorded a total of 9,999,857 manhours worked with 30 lost days in FY2023.

Results were measured and verified by an internal audit committee, 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	FY2021	FY2022	FY2023
Fatality	0	0	0
Work-related Injuries	0	1	2
Lost Time Accidents	0	1	2
Total Days Lost/Charged	0	80	30
Total Days Worked	329	243	285
Average Workers Per Day	23,277	26,858	39,153
Accident Frequency Rate	0	0.16	0.20
Severity Rate	0	13	3

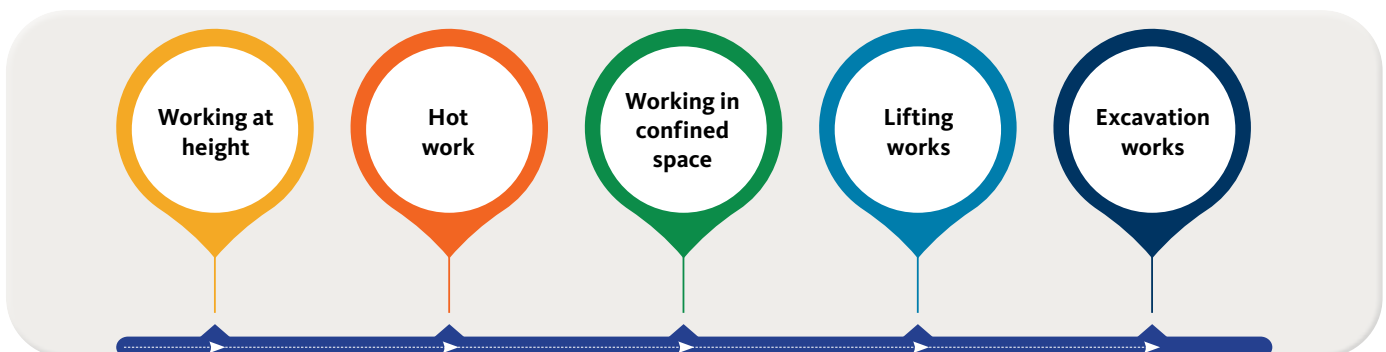
### OSH Management

As strong supporters of a safety-first culture throughout the organisation, MGB has developed a comprehensive Health, Safety, and Environment (“HSE”) Policy. This policy serves as the foundation for fostering an OSH-oriented mindset throughout the Group to attain regulatory compliance and provide the safest working conditions. Aligned with Malaysia’s Occupational Safety and Health Act 1994 and other relevant regulations, the HSE Policy applies to all business activities and premises.

However, a robust policy alone is not enough to drive OSH at the operational level. This is where an effective and well-structured OSH Committee comes into play. Comprising a Safety Officer, Site Safety Supervisor, and Project Manager, this committee has a crucial responsibility to maintain an incident-free work site. Part of its roles also includes organising regular OSH Committee meetings, conducting weekly toolbox meetings, implementing HIRARC programmes, conducting inspections and investigations, and facilitating knowledge-sharing sessions across worksites. Worker representation in these committees is also ensured, with the assignment of four workers for every 100 as representatives.

Constant monitoring and reviews are another integral part of MGB’s OSH management strategy. This approach enables the ongoing assessment of existing control measures and associated risks, facilitating the development of effective action plans. Adhering to the Plan-Do-Check-Act (“PDCA”) system, MGB ensures OSH management remains dynamic and responsive.

The Group has also realised that certain tasks have a higher risk of OSH incidents. These are:



## Sustainability Report

To address the risks associated with these tasks, MGB employs a Permit-to-Work system, especially for tasks that are considered high-risk. Under this approach, a site Safety Officer conducts a comprehensive assessment of the physical environment and work processes in line with established safety protocols before issuing a Permit-to-Work for Hazardous Work to a site employee. Individual workers also bear the responsibility of ensuring proper workplace health and safety based on the Group's ISO 45001 OSH Policy and the Health and Safety at Work Act 1994.

### OSH Process

In the event of an OSH incident, the immediate response is to notify the management of MGB. This will be followed by an investigation after which an on-site shutdown may be implemented, either for the entire project or only the affected area. The Department of Occupational Safety and Health ("DOSH") would also be promptly notified.

### OSH Training

In FY2023, MGB has continued the prioritisation of OSH training to ensure a secure workplace and promote a higher level of competence among staff. The Group consistently sends staff for various OSH-related training and refresher sessions to enhance work competence and safety awareness. At operational sites, this also is in the form of weekly housekeeping and toolbox meetings, as well as CIDB Green Card training for MGB's GW workers. A total of 216 employees underwent some form of OSH training during this period.

MGB has invested in establishing formal training rooms equipped with projectors to facilitate a conducive in-house learning experience for large groups. Dedicated funds have also been allocated for both in-house and external training programmes for the Group's Safety and Health Officers.

The Group also regularly communicates the latest OSH initiatives and reminders through an OSH newsletter that is prominently displayed on HSE notice boards and sites. Additionally, this is also shared through the company Intranet to regularly remind and inform staff.



100% of site employees have received OSH training

## Sustainability Report

### • COMMUNITY ENRICHMENT

MGB continues to uphold a strong sense of Corporate Social Responsibility (“CSR”) in its every business operation. Through the unwavering conviction from the Board and Management that believes in serving as a force of good, MGB strives to enrich local communities by providing a wide range of financial and non-financial support to various charitable causes as well as other altruistic purposes.

The CSR strategy adopted by MGB is centralised with the principles of the LBS Foundation (“LBSF”). LBSF is the philanthropic arm of the parent company, LBS Bina Group Berhad. Based on LBSF’s four pillars, the Group contributes to a wide range of societal causes and commits its full support to programmes undertaken by LBSF. The four pillars are Education, Health, Community and the Environment.

Beyond social contribution as a company, MGB’s employees are also encouraged to participate in CSR activities, either those organised by the company or LBSF, or any other organisation. In promoting active participation in CSR programmes, MGB plans to establish a tracking system for employees who participate in the company or LBSF-related events can submit the number of hours of their involvement to HR. Where possible, employees are granted time off to participate in company and LBSF-related CSR events. Moreover, employees can also approach LBSF on their own accord to suggest charitable organisations or causes for the foundation to support.

In the commitment to serve the local communities, LBSF continues to provide a platform that encourages employees to get involved in charity work, either through financial support or their time and effort at events.

Among the CSR initiatives organised in FY2023 was a Back-to-School campaign in collaboration with Unicef. MGB donated a total of RM540,000 to purchase educational equipment, including computers, for 100 students to help meet their learning needs.

The Group also contributed RM10,000 as the Silver Sponsor for the Kiwanis Treasure Hunt programme. This donation will be used to help the Kiwanis Down Syndrome Foundation fund its operations to take care of disabled children, ensuring they can live a happy and healthy life.

Other community outreach efforts included the Program Gotong Royong Perdana at the Pangsapuri Taman Desa Ria area on 24 June 2023, along with the Gotong Royong Madani 2023 Programme at SJKC Yuk Chai on 9 September 2023.



▲ Back-to-School campaign in collaboration with Unicef - MGB donated a total of RM540,000 to purchase educational equipment



# Sustainability Report

Gotong Royong Perdana event at Pangsapuri Taman Desa Ria Fasa 1



Gotong Royong Perdana event at Pangsapuri Taman Desa Ria Fasa 1



40th Kiwanis Treasure Hunt Official Launching



## Sustainability Report

 APPENDICES

- ENVIRONMENTAL PERFORMANCE

Emissions					
	Unit	FY2021	FY2022	FY2023	GRI Standards
<b>SCOPE 1</b>					
<b>Company Vehicle</b>	tonnes CO <sub>2</sub> e	543	639	1,142	GRI 305
	tonnes CO <sub>2</sub>	541	637	1,143	GRI 305
	tonnes CH <sub>4</sub>	0.66	0.79	1.39	GRI 305
	tonnes N <sub>2</sub> O	1.22	1.45	2.56	GRI 306
<b>Company Facilities</b>	tonnes CO <sub>2</sub> e	4,570	4,074	5,444	GRI 305
	tonnes CO <sub>2</sub>	4,335	4,060	5,426	GRI 305
	tonnes CH <sub>4</sub>	5.50	4.90	6.55	GRI 305
	tonnes N <sub>2</sub> O	10.07	8.98	11.99	GRI 305
<b>Total Scope 1</b>	tonnes CO <sub>2</sub> e	5,113	4,714	6,587	GRI 305
	tonnes CO <sub>2</sub>	4,875	4,698	6,568	GRI 305
	tonnes CH <sub>4</sub>	6.16	5.69	7.94	GRI 305
	tonnes N <sub>2</sub> O	11.29	10.43	14.55	GRI 305
<b>SCOPE 2</b>					
<b>Purchased Electricity</b>	tonnes CO <sub>2</sub> e	271	348	446	GRI 305
	tonnes CO <sub>2</sub>	270	347	444	GRI 305
	tonnes CH <sub>4</sub>	0.12	0.16	0.21	GRI 305
	tonnes N <sub>2</sub> O	0.85	1.10	1.36	GRI 306
<b>Total Scope 2</b>	tonnes CO <sub>2</sub> e	271	348	446	GRI 305
	tonnes CO <sub>2</sub>	270	347	444	GRI 305
	tonnes CH <sub>4</sub>	0.12	0.16	0.21	GRI 305
	tonnes N <sub>2</sub> O	0.85	1.10	1.36	GRI 305
<b>Total Scope 1 &amp; 2</b>	tonnes CO <sub>2</sub> e	5,383	5,062	7,033	GRI 305
	tonnes CO <sub>2</sub>	5,145	5,044	7,013	GRI 305
	tonnes CH <sub>4</sub>	6.28	5.85	8.15	GRI 305
	tonnes N <sub>2</sub> O	12.14	11.53	15.91	GRI 305

Note:

- Figures presented may not sum up precisely due to rounding of decimal points.

## Sustainability Report

Emissions					
	Unit	FY2021	FY2022	FY2023	GRI Standards
<b>SCOPE 3</b>					
<b>Business Travel</b>	tonnes CO <sub>2</sub> e	293	1,838	91	GRI 305
	tonnes CO <sub>2</sub>	0	0	91	GRI 305
	tonnes CH <sub>4</sub>	0.00	0.00	0.11	GRI 305
	tonnes N <sub>2</sub> O	0.00	0.00	0.30	GRI 305
<b>Employee Commuting</b>	tonnes CO <sub>2</sub> e	503	625	392	GRI 305
	tonnes CO <sub>2</sub>	0	0	389	GRI 305
	tonnes CH <sub>4</sub>	0.00	0.00	1.77	GRI 305
	tonnes N <sub>2</sub> O	0.00	0.00	0.95	GRI 305
<b>Disposed Waste</b>	tonnes CO <sub>2</sub> e	0	0	2,136	GRI 305
<b>Total Scope 3</b>	tonnes CO <sub>2</sub> e	796	2,463	2,619	GRI 305
	tonnes CO <sub>2</sub>	0	0	480	GRI 305
	tonnes CH <sub>4</sub>	0.00	0.00	1.88	GRI 305
	tonnes N <sub>2</sub> O	0.00	0.00	1.26	GRI 305
<b>Total Scope 1, 2 &amp; 3</b>	tonnes CO <sub>2</sub> e	6,180	7,525	9,652	GRI 305
	tonnes CO <sub>2</sub>	5,145	5,044	7,492	GRI 305
	tonnes CH <sub>4</sub>	6.28	5.85	10.03	GRI 305
	tonnes N <sub>2</sub> O	12.14	11.53	17.16	GRI 305
<b>Emissions Avoidance</b>					
<b>Renewable Energy</b>	tonnes CO <sub>2</sub> e	0	0	15	GRI 305
<b>Waste Diverted</b>	tonnes CO <sub>2</sub> e	0	0	132	GRI 305
<b>Total Energy Consumption (Scope 1 &amp; 2)</b>					
<b>Petrol</b>	MWh	570	927	457	GRI 305
<b>Diesel</b>	MWh	17,180	15,491	22,372	GRI 305
<b>Purchased Electricity</b>	MWh	491	631	809	GRI 305
<b>Renewable Energy</b>	MWh	0	0	19	GRI 305
<b>Total Energy Consumption</b>	MWh	18,241	17,049	23,658	GRI 305
<b>Total Water Consumption</b>					
<b>Municipal Water Supply</b>	m <sup>3</sup>	31,282	38,675	65,727	GRI 303
<b>Rainwater Harvesting</b>	m <sup>3</sup>	0	0	0	GRI 303
<b>Groundwater</b>	m <sup>3</sup>	0	0	0	GRI 303
<b>Total Water Consumption</b>	m <sup>3</sup>	31,282	38,675	65,727	GRI 303
<b>Total Waste</b>					
<b>Disposed Waste</b>	tonnes				GRI 306
<b>HQ</b>	tonnes	0	0	2	GRI 306
<b>Sites</b>	tonnes	0	0	4,357	GRI 306
<b>Total Disposed Waste</b>	tonnes	0	0	4,359	GRI 303
<b>Diverted Waste</b>	tonnes				GRI 306
<b>HQ</b>	tonnes	0	0	2	GRI 306
<b>Sites</b>	tonnes	0	0	4,357	GRI 306
<b>Total Diverted Waste</b>	tonnes	0	0	4,359	GRI 306
<b>Waste Diverted from Landfill</b>	%	-	-	5.83%	GRI 306

Note:

- Figures presented may not sum up precisely due to rounding of decimal points.

## Sustainability Report

## • SOCIAL PERFORMANCE

## Employment Data

	FY2021		FY2022		FY2023		
	Number	%	Number	%	Number	%	
<b>BOARD Diversity</b>							<b>GRI 405-1</b>
Total Board Members	8	-	6	-	7	-	
<b>Board Diversity by Gender</b>							
Male	7	87.50%	5	83.30%	4	57.14%	
Female	1	12.50%	1	16.70%	3	42.86%	
<b>Board Diversity by Age Group</b>							
Under 30 years old	0	0.00%	0	0.00%	0	0.00%	
30 - 50 years old	3	37.50%	2	33.30%	4	57.14%	
Over 50 years old	5	62.50%	4	66.70%	3	42.86%	
<b>Board Diversity by Ethnicity</b>							
Malay	2	25.00%	2	33.30%	3	42.86%	
Chinese	6	75.00%	4	66.70%	4	57.14%	
Indian	0	0.00%	0	0.00%	0	0.00%	
Others	0	0.00%	0	0.00%	0	0.00%	
<b>Board Diversity by Disability</b>							
Disabled	0	0.00%	0	0.00%	0	0.00%	
Non-Disabled	8	100.00%	6	100.00%	7	100.00%	
<b>Employees</b>							<b>GRI 2-7</b>
Total Employees	404	-	512	-	718	-	
<b>Employees Diversity</b>							<b>GRI 405-1</b>
<b>Employees Diversity by Gender</b>							
Male	297	73.50%	379	74.00%	557	77.60%	
Female	107	26.50%	133	26.00%	161	22.40%	
<b>Employees Diversity by Age Group</b>							
Under 30 years old	207	51.20%	225	43.90%	315	43.90%	
30 - 50 years old	176	43.60%	265	51.80%	374	52.10%	
Over 50 years old	21	5.20%	22	4.30%	29	4.00%	
<b>Employees Diversity by Ethnicity</b>							
Malay	150	37.10%	183	35.70%	254	35.40%	
Chinese	155	38.40%	158	30.90%	186	25.90%	
Indian	32	7.90%	39	7.60%	30	4.20%	
Others	67	16.60%	132	25.80%	248	34.50%	
<b>Employees Diversity by Category</b>							
Senior Management	27	6.70%	28	5.50%	36	5.00%	
Middle Management	62	15.30%	78	15.20%	82	11.40%	
Executives	213	52.70%	245	47.90%	308	42.90%	
Non-Executives	102	25.30%	161	31.40%	292	40.70%	

Note:

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## Sustainability Report

	FY2021		FY2022		FY2023		
	Number	%	Number	%	Number	%	
<b>Employees Diversity</b>							<b>GRI 405-1</b>
<b>Employees Diversity by Category by Gender</b>							
Senior Management							
Male	18	4.45%	17	3.32%	24	3.34%	
Female	9	2.23%	11	2.15%	12	1.67%	
Middle Management							
Male	37	9.16%	52	10.16%	53	7.38%	
Female	25	6.19%	26	5.08%	29	4.04%	
Executives							
Male	132	32.67%	153	29.88%	198	27.58%	
Female	81	20.05%	92	17.97%	110	15.32%	
Non-Executives							
Male	93	23.02%	157	30.66%	282	39.28%	
Female	9	2.23%	4	0.78%	10	1.39%	
<b>Employees Diversity by Category by Age</b>							
Senior Management							
Under 30 years old	0	0.00%	0	0.00%	0	0.00%	
30 - 50 years old	20	4.95%	21	4.10%	24	3.34%	
Over 50 years old	7	1.73%	7	1.37%	12	1.67%	
Middle Management							
Under 30 years old	10	2.48%	7	1.37%	10	1.39%	
30 - 50 years old	44	10.89%	65	12.70%	67	9.33%	
Over 50 years old	8	1.98%	6	1.17%	5	0.70%	
Executives							
Under 30 years old	147	36.38%	145	28.32%	181	25.21%	
30 - 50 years old	61	15.10%	94	18.36%	122	17.00%	
Over 50 years old	5	1.24%	6	1.17%	5	0.70%	
Non-Executives							
Under 30 years old	50	12.38%	73	14.25%	124	17.27%	
30 - 50 years old	51	12.62%	85	16.60%	161	22.42%	
Over 50 years old	1	0.25%	3	0.59%	7	0.97%	
<b>Employees Diversity by Type</b>							
Full-time	399	98.80%	506	98.80%	710	98.90%	
Contract	5	1.20%	6	1.20%	8	1.10%	
Part-time	0	0.00%	0	0.00%	0	0.00%	
<b>Employees by Disability</b>							
Disabled	0	0.00%	1	0.20%	1	0.14%	
Non-Disabled	404	100.00%	511	99.80%	717	99.86%	

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## Sustainability Report

	FY2021		FY2022		FY2023		GRI 2-7
	Number	%	Number	%	Number	%	
<b>Employment Status</b>							
<b>Permanent and Temporary Employees by Gender</b>							
Permanent Male Employees	297	73.50%	379	74.00%	557	77.60%	
Permanent Female Employees	107	26.50%	133	26.00%	161	22.40%	
Temporary Male Employees	0	0.00%	0	0.00%	0	0.00%	
Temporary Female Employees	0	0.00%	0	0.00%	0	0.00%	
<b>Permanent and Temporary Employees by Region</b>							
Permanent Malaysian Employees	338	83.70%	381	74.40%	472	65.70%	
Permanent Non-Malaysian Employees	66	16.30%	131	25.60%	246	34.30%	
Temporary Malaysian Employees	0	0.00%	0	0.00%	0	0.00%	
Temporary Non-Malaysian Employees	0	0.00%	0	0.00%	0	0.00%	
<b>Full-time Employees by Gender</b>							
Full-time Male Employees	292	72.28%	374	73.05%	551	76.74%	
Full-time Female Employees	107	26.49%	132	25.78%	159	22.14%	
<b>Full-time Employees by Region</b>							
Full-time Malaysian Employees	333	82.43%	375	73.24%	464	64.62%	
Full-time Non-Malaysian Employees	66	16.34%	131	25.59%	246	34.26%	
<b>Contract Employees by Gender</b>							
Contract Male Employees	5	1.23%	5	0.97%	6	0.84%	
Contract Female Employees	0	0.00%	1	0.20%	2	0.28%	
<b>Contract Employees by Region</b>							
Contract Malaysian Employees	5	1.23%	6	1.17%	8	1.12%	
Contract Non-Malaysian Employees	0	0.00%	0	0.00%	0	0.00%	
<b>Part-time Employees by Gender</b>							
Part-time Malaysian Employees	-	-	-	-	-	-	
<b>New Employees Hires</b>							
Total New Hires	112	-	242	-	395	-	GRI 401-1
<b>New Hires by Gender</b>							
Male	73	65.18%	182	75.21%	300	75.95%	
Female	39	34.82%	60	24.79%	95	24.05%	
<b>New Hires by Age Group</b>							
Under 30 years old	94	83.93%	137	56.61%	190	48.10%	
30 - 50 years old	18	16.07%	101	41.74%	195	49.37%	
Over 50 years old	0	0.00%	4	1.65%	10	2.53%	

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## Sustainability Report

	FY2021		FY2022		FY2023		
	Number	%	Number	%	Number	%	
<b>New Employees Hires</b>							<b>GRI 401-1</b>
<b>New Hires by Ethnicity</b>							
Malay	46	41.07%	85	35.12%	150	37.97%	
Chinese	58	51.79%	80	33.06%	93	23.55%	
Indian	7	6.25%	7	2.89%	6	1.52%	
Others	1	0.89%	70	28.93%	146	36.96%	
<b>New Hires by Category</b>							
Senior Management	5	4.46%	6	2.48%	5	1.27%	
Middle Management	17	15.18%	24	9.92%	28	7.09%	
Executives	87	77.68%	135	55.78%	196	49.62%	
Non-Executives	3	2.68%	77	31.82%	166	42.02%	
<b>New Hires by Region</b>							
Malaysian	112	100.00%	174	71.90%	250	63.29%	
Non-Malaysian	0	0.00%	68	28.10%	145	36.71%	
<b>Employees Turnover</b>							
Turnover rate	-	30.00%	-	38.00%	-	32.00%	
<b>Employees Turnover by Gender</b>							
Male	71	59.70%	112	64.70%	126	63.60%	
Female	48	40.30%	61	35.30%	72	36.40%	
<b>Employees Turnover by Age Group</b>							
Under 30 years old	50	42.00%	83	48.00%	83	41.90%	
30 - 50 years old	66	55.50%	82	47.40%	105	53.00%	
Over 50 years old	3	2.50%	8	4.60%	10	5.10%	
<b>Employees Turnover by Ethnicity</b>							
Malay	38	31.90%	75	43.40%	82	41.40%	
Chinese	63	52.90%	71	41.00%	71	35.85%	
Indian	4	3.40%	10	5.80%	13	6.55%	
Others	14	11.80%	17	9.80%	32	16.20%	
<b>Employees Turnover by Category</b>							
Senior Management	5	4.20%	2	1.20%	4	2.00%	
Middle Management	18	15.10%	24	13.90%	20	10.10%	
Executives	79	66.40%	108	62.40%	125	63.15%	
Non-Executives	17	14.30%	39	22.50%	49	24.75%	
<b>Training and Development</b>							<b>GRI 404-1</b>
Total training and development hours	832.0	-	4,556.0	-	9,499.0	-	
Average training and development hours per employee	2.1	-	8.9	-	13.2	-	
<b>Average Training and Development Hours per Employee by Gender</b>							
Male	1.8	-	8.5	-	14.6	-	
Female	2.7	-	10.0	-	8.6	-	

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## Sustainability Report

	FY2021		FY2022		FY2023		
	Number	%	Number	%	Number	%	
<b>Training and Development</b>							<b>GRI 404-1</b>
Senior Management	136.0	-	588.0	-	597.0	-	
Middle Management	145.0	-	1,019.5	-	1,113.5	-	
Executives	551.0	-	2,498.5	-	2,480.5	-	
Non-Executives	0.0	-	450.0	-	5,308.0	-	
<b>Average Training and Development Hours per Employee by Employees Category</b>							
Senior Management	5.0	-	21.0	-	16.6	-	
Middle Management	2.3	-	13.1	-	13.6	-	
Executives	2.6	-	10.2	-	8.1	-	
Non-Executives	0.0	-	2.8	-	18.2	-	
<b>Training on Anti-Corruption</b>							<b>GRI 205-1</b>
Number of employees attended training on Anti-Corruption	112	-	382	-	465	-	
<b>Employees attended training on Anti-Corruption by Category</b>							
Senior Management	5	1.24%	23	4.49%	21	2.92%	
Middle Management	17	4.21%	53	10.35%	48	6.69%	
Executives	87	21.53%	227	44.34%	230	32.03%	
Non-Executives	3	0.74%	79	15.43%	166	23.12%	
<b>Regular Performance and Career Development Reviews</b>							<b>GRI 404-3</b>
<b>Percentage of Completion of Regular Performance and Career Development Reviews by Gender</b>							
Male	-	100.00%	-	100.00%	-	100.00%	
Female	-	100.00%	-	100.00%	-	100.00%	
<b>Percentage of Completion of Regular Performance and Career Development Reviews by Employees Category</b>							
Senior Management	-	100.00%	-	100.00%	-	100.00%	
Middle Management	-	100.00%	-	100.00%	-	100.00%	
Executives	-	100.00%	-	100.00%	-	100.00%	
Non-Executives	-	100.00%	-	100.00%	-	100.00%	
<b>Parental Leave</b>							<b>GRI 401-3</b>
<b>Paternity Leave</b>							
Employees entitled to paternity leave	169	-	183	-	201	-	
Employees who took paternity leave	9	-	16	-	13	-	
Number of employees that returned to work after paternity leave ended	9	-	16	-	13	-	
Return to work rate (after paternity leave)	-	100.00%	-	100.00%	-	100.00%	
Retention rate (remain with the organisation for 12 months after paternity leave)	-	100.00%	-	100.00%	-	100.00%	

Note:

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## Sustainability Report

	FY2021		FY2022		FY2023		
	Number	%	Number	%	Number	%	
<b>Parental Leave</b>							<b>GRI 401-3</b>
<b>Maternity Leave</b>							
Employees entitled to maternity leave	107	-	133	-	161	-	
Employees who took maternity leave	4	-	7	-	8	-	
Number of employees that returned to work after maternity leave ended	4	-	7	-	8	-	
Return to work rate (after maternity leave)	-	100.00%	-	100.00%	-	100.00%	
Retention rate (remain with the organisation for 12 months after maternity leave)	-	100.00%	-	100.00%	-	87.50%	
<b>Others</b>							
Percentage of senior management hired from the local community	27	6.70%	28	5.50%	32	4.50%	GRI 202-2
Percentage of global staff with a disability	0	0.00%	1	0.20%	1	0.10%	
Percentage of women in the global workforce	107	26.50%	133	26.00%	153	21.30%	
Ratio of foreign to local hire of low-skilled workers (only for MGB)	0.02	2.00%	0.14	14.00%	0.43	43.00%	

*Note:*

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## Sustainability Report

GRI Standards	Topic	Unit	Performance Data		
			FY2021	FY2022	FY2023
<b>Work-Related Injury</b>					
<b>Employees</b>					
GRI 403-9 (Occupational Health & Safety)	Hours worked	hours	6,474,170	6,150,549	9,999,857
	Fatalities	no.	0	0	0
	High-consequence work-related injuries	no.	0	0.16	0.2
	Lost-time injuries	no.	0	1	2
	Recordable work-related injuries	no.	0	1	2
	Main types of work-related injuries	no.	0	1	2
<b>Non-Employees</b>					
GRI 403-9 (Occupational Health & Safety)	Hours worked	hours	0	0	0
	Fatalities	no.	0	0	0
	High-consequence work-related injuries	no.	0	0	0
	Lost-time injuries	no.	0	0	0
	Recordable work-related injuries	no.	0	0	0
	Main types of work-related injuries	no.	0	0	0
<b>Work-Related Ill Health</b>					
<b>Employees</b>					
GRI 403-10 (Occupational Health & Safety)	Number of fatalities	no.	0	0	0
	Recordable work-related ill health	no.	0	0	0
	Main types of work-related ill injuries	no.	0	0	0
<b>Non-Employees</b>					
	Number of fatalities	no.	0	0	0
	Recordable work-related ill health	no.	0	0	0
	Main types of work-related ill injuries	no.	0	0	0
<b>Others</b>					
	Number of work-related fatalities (includes employees and contractors)	no.	0	0	0
	Accident frequency rate	no.	0	0.16	0.2
	Severity rate	no.	0	13.0	3.0
	Number and percentage of workers undergoing health surveillance	pax	0	0	0

Note:

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• BURSA SUSTAINABILITY DISCLOSURE INDEX

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	1.24	4.49	2.92
Middle Management	Percentage	4.21	10.35	6.69
Executives	Percentage	21.53	44.34	32.03
Non-Executives	Percentage	0.74	15.43	23.12
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
<b>Bursa (Data privacy and security)</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	100.00	100.00	100.00
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	18,241.00	17,049.00	23,658.00
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	31.280000	38.680000	65.730000
<b>Bursa (Diversity)</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 30 years old	Percentage	0.00	0.00	0.00
Senior Management 30 - 50 years old	Percentage	4.95	4.10	3.34
Senior Management Over 50 years old	Percentage	1.73	1.37	1.67
Middle Management Under 30 years old	Percentage	2.48	1.37	1.39
Middle Management 30 - 50 years old	Percentage	10.89	12.70	9.33
Middle Management Over 50 years old	Percentage	1.98	1.17	0.70
Executives Under 30 years old	Percentage	36.38	28.32	25.21
Executives 30 - 50 years old	Percentage	15.10	18.36	17.00
Executives Over 50 years old	Percentage	1.24	1.17	0.70
Non-Executives Under 30 years old	Percentage	12.38	14.25	17.27
Non-Executives 30 - 50 years old	Percentage	12.62	16.60	22.42
Non-Executives Over 50 years old	Percentage	0.25	0.59	0.97
Gender Group by Employee Category				
Senior Management Male	Percentage	4.45	3.32	3.34
Senior Management Female	Percentage	2.23	2.15	1.67
Middle Management Male	Percentage	9.16	10.16	7.38
Middle Management Female	Percentage	6.19	5.08	4.04
Executives Male	Percentage	32.67	29.88	27.58
Executives Female	Percentage	20.05	17.97	15.32
Non-Executives Male	Percentage	23.02	30.66	39.28
Non-Executives Female	Percentage	2.23	0.78	1.39
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	87.50	83.30	57.14
Female	Percentage	12.50	16.70	42.86
Under 30 years old	Percentage	0.00	0.00	0.00
30 - 50 years old	Percentage	37.50	33.30	57.14
Over 50 years old	Percentage	62.50	66.70	42.86
<b>Bursa (Labour practices and standards)</b>				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	136	588	597
Middle Management	Hours	145	1,020	1,114
Executives	Hours	551	2,499	2,481
Non-Executives	Hours	0	450	5,308
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00	0.00	0.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	5	2	4
Middle Management	Number	18	24	20
Executives	Number	79	108	125
Non-Executives	Number	17	39	49
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	1.00	2.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	260	333	501
<b>Bursa (Community/Society)</b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	0.00	0.00	550,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	0	0

## Sustainability Report

- SASB CONTENT REFERENCE INDEX

## Engineering and Construction

Code	Description	Performance		
		FY2021	FY2022	FY2023
<b>Environmental Impacts of Project Development</b>				
IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	0	0	0
IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Please refer to Operational Excellence through Innovation (pages 67-69)		
<b>Workforce Health and Safety</b>				
IF-EN-320a.1	1. Total recordable incident rate ("TRIR") and	0	1	2
	2. Fatality rate for (a) direct employees and (b) contract employees	0	0	0
<b>Business Ethics</b>				
IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	0	0	0
IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	Please refer to Corporate Governance and Business Ethics (pages 62-63)		

## Home Builders

Code	Description	Performance		
		FY2021	FY2022	FY2023
<b>Land Use and Ecological Impacts</b>				
IF-HB-160a.2	Number of (1) lots and (2) homes delivered in regions with High or Extremely High Baseline Water Stress	0	0	0
IF-HB-160a.3	Total amount of monetary losses as a result of legal proceedings associated with environmental regulations	0	0	0
IF-HB-160a.4	Discussions of processes to integrate environmental considerations into site selection, site design, and site development and construction	Please refer to Charting Sustainable Water Management (page 80) and Biodiversity Conservation (page 83)		
<b>Climate Change Adaptation</b>				
IF-HB-420a.2	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	Please refer to Evaluating and Managing Climate Risks (pages 74-77)		

• GRI CONTENT INDEX

GRI Standard	Disclosure	Page Reference/ Reasons for Omission	
<b>GRI 2: General Disclosures 2021</b>	2-1	Organisational details	3
	2-2	Entities included in the organisation's sustainability reporting	46
	2-3	Reporting period, frequency and contact point	46
	2-4	Restatements of information	79; 80
	2-5	External assurance	NA
	2-6	Activities, value chain and other business relationships	47
	2-7	Employees	85-86
	2-8	Workers who are not employees	NA
	2-9	Governance structure and composition	61
	2-10	Nomination and selection of the highest governance body	114-115
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	61
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	
	2-15	Conflicts of interest	138
	2-16	Communication of critical concerns	61; 63
	2-17	Collective knowledge of the highest governance body	
	2-18	Evaluation of the performance of the highest governance body	129
	2-19	Remuneration policies	
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	-
	2-22	Statement on sustainable development strategy	50-51
	2-23	Policy commitments	62; 66
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	63
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	58; 70
	2-28	Membership associations	46
	2-29	Approach to stakeholder engagement	52-55
	2-30	Collective bargaining agreements	-
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	
	3-2	List of material topics	56-57
	3-3	Management of material topics	

## Sustainability Report

GRI Standard		Disclosure	Page Reference/ Reasons for Omission
<b>Economic Performance</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	64
<b>GRI 201: Economic Performance 2016</b>	201-1	Direct economic value generated and distributed	65
	201-2	Financial implications and other risks and opportunities due to climate change	74-77
	201-3	Defined benefit plan obligations and other retirement plans	88-89
	201-4	Financial assistance received from government	NA
<b>Market Presence</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	64
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-
	202-2	Proportion of senior management hired from the local community	-
<b>Indirect Economic Impacts</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	64
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported	65
	203-2	Significant indirect economic impacts	
<b>Procurement Practices</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	66
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	66
<b>Anti-Corruption</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	60; 63
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	63
	205-3	Confirmed incidents of corruption and actions taken	
<b>Customer Privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	63
<b>Materials</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	66; 70
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	67
	301-2	Recycled input materials used	-
	301-3	Reclaimed products and their packaging materials	NA

## Sustainability Report

GRI Standard		Disclosure	Page Reference/ Reasons for Omission
<b>Energy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	70; 78-79
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	79
	302-2	Energy consumption outside of the organisation	NA
	302-3	Energy intensity	79
	302-4	Reduction of energy consumption	79
	302-5	Reductions in energy requirements of products and services	NA
<b>Water and Effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	70; 80-81
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	80
	303-2	Management of water discharge-related impacts	80-81
	303-3	Water withdrawal	80
	303-4	Water discharge	-
	303-5	Water consumption	80
<b>Biodiversity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	83
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	NA
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	70-79
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-3	Other indirect (Scope 3) GHG emissions	79
	305-4	GHG emissions intensity	
	305-5	Reduction of GHG emissions	
	305-6	Emissions of ozone-depleting substances (ODS)	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	82

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GRI Standard		Disclosure	Page Reference/ Reasons for Omission
<b>Waste</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	81-82
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	82
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
<b>Supplier Environmental Assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	66
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	-
	308-2	Negative environmental impacts in the supply chain and actions taken	
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	85-88
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	87-88
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	88-89
	401-3	Parental leave	89
<b>Labour/Management Relations</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	
<b>GRI 402: Labour/ Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	-
<b>Occupational Health and Safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	91-93
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	92-93
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
	403-10	Work-related ill health	



## Sustainability Report

GRI Standard		Disclosure	Page Reference/ Reasons for Omission
<b>Training and Education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	85
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	85
	404-2	Programmes for upgrading employee skills and transition assistance programmes	-
	404-3	Percentage of employees receiving regular performance and career development reviews	88
<b>Diversity and Equal Opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	85-86
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	86
	405-2	Ratio of basic salary and remuneration of women to men	-
<b>Non-Discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	86-87; 91
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	
<b>Child Labour</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	91
<b>GRI 408: Child Labour 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labour	
<b>Forced or Compulsory Labour</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	91
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	
<b>Local Communities</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	94
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programmes	94-95
	413-2	Operations with significant actual and potential negative impacts on local communities	
<b>Supplier Social Assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3	Management of material topics	66
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	-
	414-2	Negative social impacts in the supply chain and actions taken	

# Sustainability Report

• TCFD STATEMENT

## TCFD Disclosures

### Governance

Describe the Board’s oversight of climate-related risks and opportunities.

Please refer to Sustainability Governance (page 61) and TCFD Adoption: Governance (page 71)

Describe the management’s role in assessing and managing climate-related risks and opportunities.

### Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.

Please refer to TCFD Adoption: Strategies (pages 72-74) and TCFD Adoption: Evaluating and Managing Climate Risks (pages 74-77)

Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.

Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

### Risk Management

Describe the organisation’s processes for identifying and assessing climate-related risks.

Please refer to TCFD Adoption: Strategies (pages 72-74) and TCFD Adoption: Evaluating and Managing Climate Risks (pages 74-77)

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation’s overall risk management.

### Metrics and Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Please refer to TCFD Adoption: Metrics and Targets (page 78)

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (“GHG”) emissions, and the related risks.

Please refer to Unlocking Energy Efficiency (page 79)

## Corporate Governance Overview Statement

The Board of Directors (“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 2023 (“FY 2023”). These practices are in accordance with the principles and guidance delineated in the Malaysian Code on Corporate Governance (“MCCG”) as stipulated by the Securities Commission Malaysia and fully compliant 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](http://www.mgbgroup.com.my) and through an official announcement on Bursa Malaysia. Furthermore, we encourage a thorough review of the Statement alongside other key components in the Annual Report, such as Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Report. This comprehensive examination provides stakeholders with a nuanced and holistic perspective on the Group’s corporate governance practices, aligning seamlessly with the principles outlined in the MCCG.

In the face of persistently challenging global market conditions, the imperative for active corporate governance and robust oversight systems becomes paramount. These measures are essential to guarantee the Group’s agility and effectiveness during uncertain times, capitalising on our inherent strengths to attain sustainable growth.

The Board recognises the paramount importance of corporate governance in fostering and steering the Group towards long-term sustainable growth, all the while considering the interests of investors and various stakeholders. In pursuit of this objective, the Board consistently invests significant efforts in identifying and formalising best practices, ensuring the perpetuation of elevated standards of corporate governance across the entire Group.

This Statement provides shareholders and investors with an overview of how the Group has applied the three (3) key Principles set out in the MCCG during the FY 2023 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.

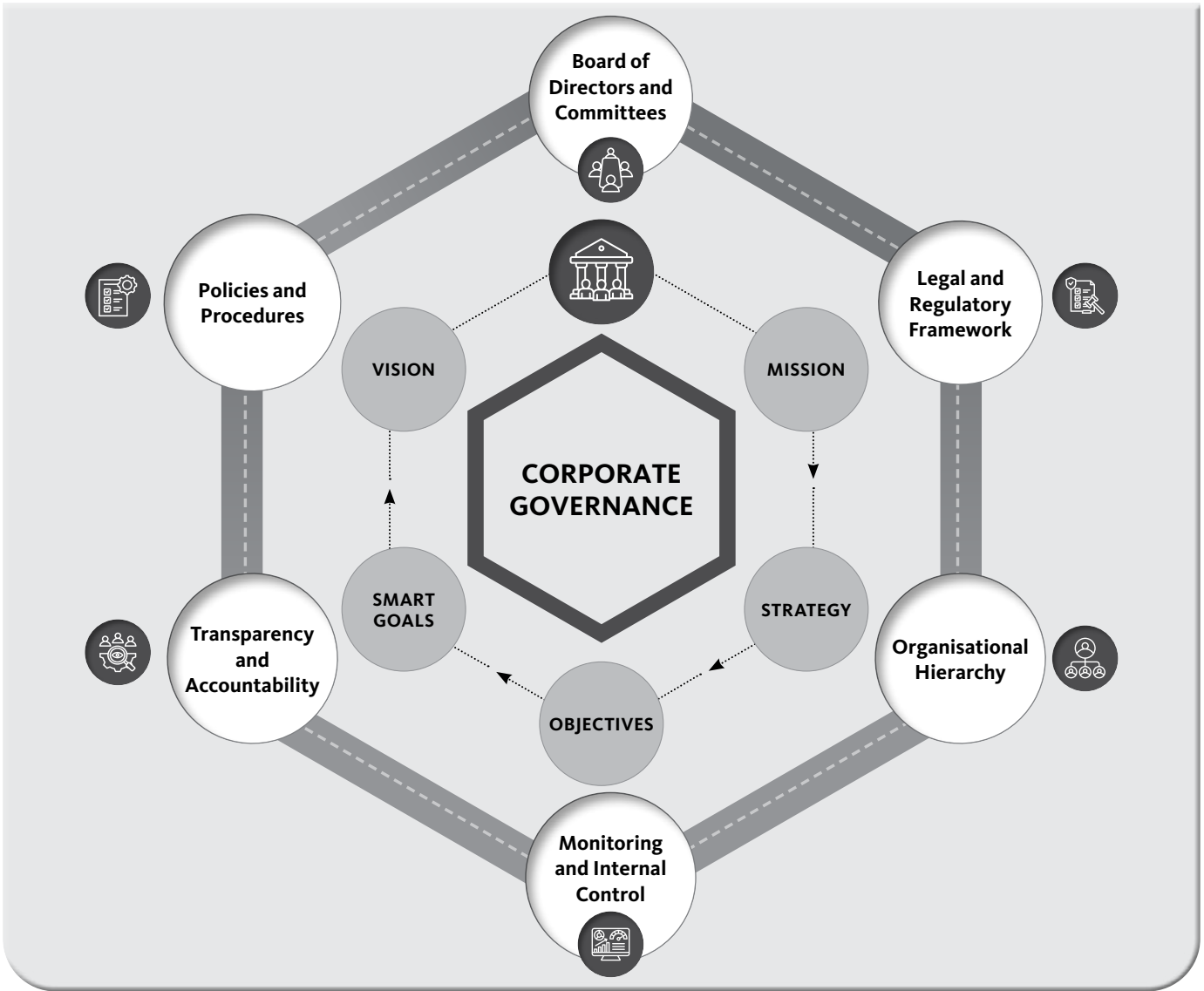
As at the date of this Statement, the Group has complied with all material aspects of the principles set out in the MCCG throughout FY 2023 to achieve the intended outcome. Details of the application are summarised as below:

	Total	Applied/Adopted	Departure	Not Applicable	Not Adopted
Recommended Practices	43	41	1	1	-
Step-up Practices	5	4	-	-	1

The Company has yet to comply with Practice 8.2, which entails disclosing, on a named basis, the remuneration components of the top five (5) senior management members, including salary, bonus, benefits in-kind, and other emoluments, categorised 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 FY 2023.

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 stewarding the direction and operations of the Group, thereby enhancing long-term shareholders’ value. The Board is tasked with establishing the right tone at the top, guiding the Group in an effective, governance-focused and ethical manner. Individually, Directors bear a legal duty to act in the best interest of the Group, while collectively, they are keenly aware of their responsibilities to stakeholders.

The Board shoulders a multifaceted role in shaping the Group’s trajectory and ensuring sustained success. It formulates, implements and evaluates comprehensive strategic plans, serving as a guiding force for operations. Central to this oversight is risk management, including Environmental, Social and Governance (ESG) factors, to safeguard the Group’s financial stability and assets. Additionally, the Board nurtures leadership through succession planning and approves changes in the corporate structure to align with strategic goals.

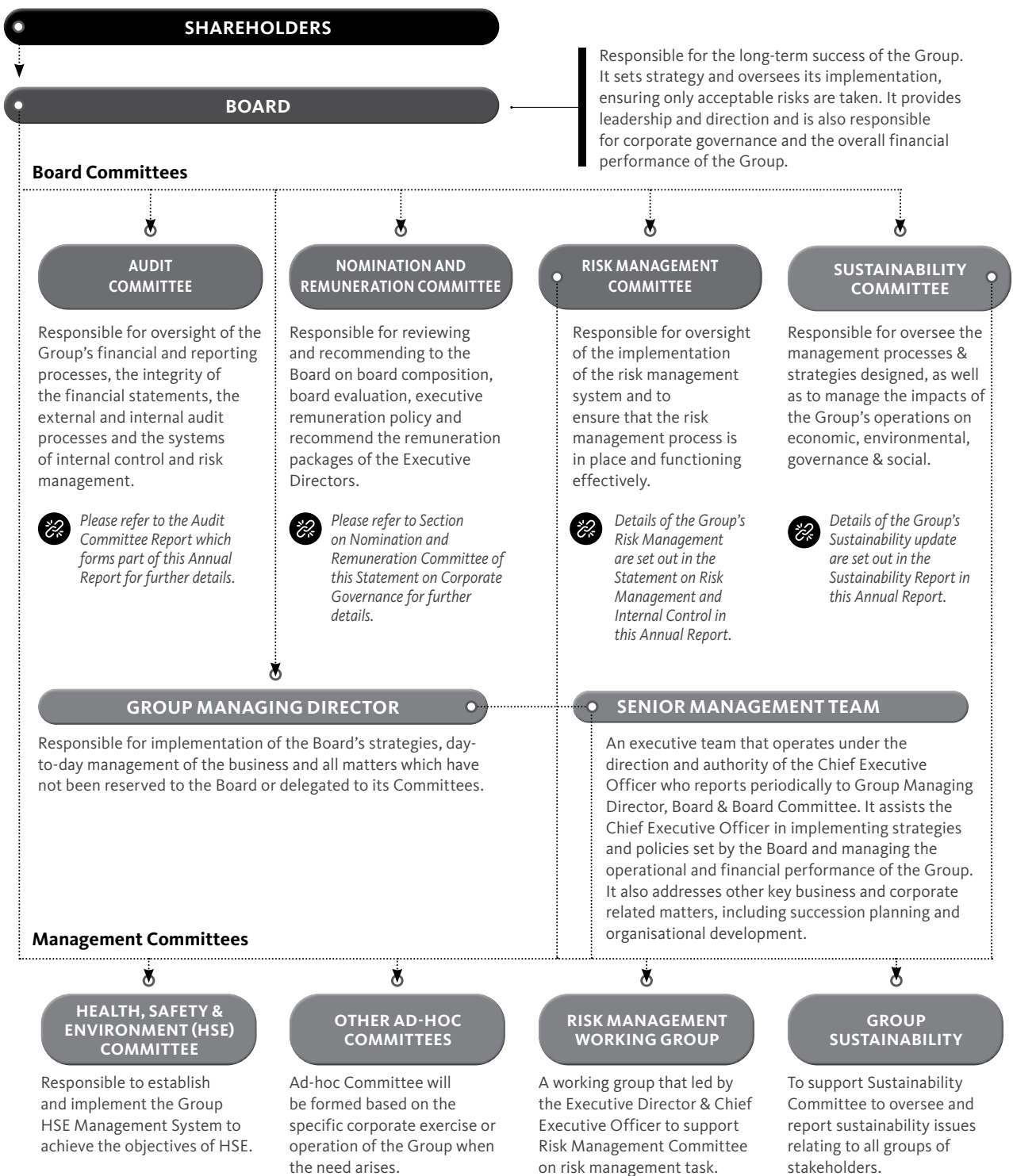
Recognising the importance of sustainability and ethical practices, the Board formalises strategies to promote sustainability, enforced through the Company’s Code of Conduct & Business Ethics. Moreover, it oversees investor relations and shareholder communication to maintain trust and confidence. Simultaneously, the Board ensures robust internal controls and compliance frameworks, mitigating operational risks through regular reviews and specialised oversight by appointed Board Committees.

## Corporate Governance Overview Statement

Led by a highly experienced and competent mix of Executive and Independent Non-Executive Directors, MGB’s Board brings diverse expertise in economics, engineering, government affairs, management, human capital, accounting, finance, construction, property development and digital & technology. Their strategic positioning effectively guides and supervises the Group’s activities as detailed in the Annual Report, offering stakeholders insights into their qualifications and contributions.

### 1.2 Leadership Roles and Responsibilities

To facilitate the efficient execution of roles and responsibilities, the Board has established a comprehensive Governance Framework for the Group. Specific authorities have been delegated to the Board Committees, Group Managing Director and Management Committees. The delineation of these responsibilities is outlined below:



## Corporate Governance Overview Statement

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 actively contribute their specialist expertise to crucial areas, including the review of financial information, procurement and development matters, internal controls and risk management, as well as governance and human capital management.

The Board extends the adoption of Discretionary Authority Limits to its subsidiaries, thereby authority limits are delegated by the Board to the Senior Management for daily operational matters. These limits undergo periodic reviews to ensure the maintenance of an optimal structure for efficient decision-making within the Group. In addition, the Group has instituted a comprehensive Whistleblowing Policy, outlining the procedure for investigating reported instance of non-compliance.

In the ongoing fiscal year, we have revisited and enhanced our Human Right Policy. This revision includes a robust framework for reporting policy violations, with a specific focus on accentuating the Grievance Mechanism incorporated into the updated policy. It is noteworthy that MGB Group has meticulously crafted this mechanism to effectively address workplace concerns that extend beyond the purview of the Whistleblowing Policy.

Role	Key Responsibilities
<b>Chairman</b>	The Chairman is responsible for instilling good corporate governance practices and leading the Board in discharging its duties effectively.
<b>Group Managing Director</b>	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.
<b>Executive Directors</b>	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.
<b>Non-Executive Directors</b>	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.
<b>Key Management</b>	The Board is assisted by the Key Management Team. The details of the Key Management Team are provided on page 12 to 16 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 Director

MGB acknowledges the significance of maintaining a clear separation between the roles of the Chairman and the Group Managing Director, recognising this as pivotal in fostering accountability and facilitating the division of responsibilities between these key positions. The Board actively implements a transparent demarcation of duties and accountability, ensuring a balanced distribution of power and authority within its governance structure.

The Independent Non-Executive Chairman, Dato' Abdul Majit bin Ahmad Khan, along with Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, *JP*, the Executive Vice Chairman, assume primary responsibility for ensuring the effectiveness of the Board and overseeing its operations. In their roles, they establish the tone at the top, prioritising governance and compliance to manage the Board's efficiency. They actively cultivate an environment conducive to robust participation and the free expression of differing viewpoints, ensuring comprehensive consideration of key Group issues.

Following Dato' Majit bin Ahmad Khan's resignation on 15 January 2024, Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, *JP*, has been designated to Group Executive Chairman, assumes all responsibilities and provide guidance throughout the decision-making process, fostering cohesive teamwork and facilitating the effective functioning of the Board.

## Corporate Governance Overview Statement

Datuk Wira Lim Hock Guan, *JP*, the Group Managing Director, plays a pivotal role in spearheading the comprehensive business operations of the entire Group. His responsibilities encompass ensuring the effectiveness of organisational performance and the successful implementation of strategic initiatives. Datuk Wira Lim Hock Guan, *JP* oversees and manages the day-to-day operations of the Group, ensuring alignment with the Board's policies, decisions, considerations and approvals. Furthermore, he shoulders the crucial responsibility of determining the strategic direction of the Group.

### 1.4 Role of Company Secretaries

The Board is assisted by qualified Company Secretaries, as stipulated under Section 235 of the Companies Act 2016. These professionals play a crucial role in offering guidance to the Board and Management on matters pertaining to corporate governance. Their responsibilities include ensuring the Board's adherence to relevant rules, regulatory requirements and internal policies and procedures.

Directors benefit from unrestricted and prompt access to the counsel and services extended by the Company Secretaries, thereby safeguarding the efficient operation of the Board and its Committees. This accessibility ensures meticulous adherence to established policies, procedures and regulatory compliance standards.

The Company Secretaries actively participate in all Board meetings, Board Committee meetings and shareholders' meetings, contributing to the seamless conduct of proceedings and ensuring the accuracy and adequacy of meeting records and resolutions. As advocates for the adoption of best corporate governance practices, they stay vigilant in monitoring developments in corporate governance and assist the Board in applying these practices to meet both internal needs and stakeholders' expectations.

To stay current, the Company Secretaries engage in continuous training, keeping themselves well-informed about evolving regulatory changes, corporate and securities laws, listing rules, and corporate governance practices, thereby contributing to the Board's commitment to staying abreast of industry developments.

### 1.5 Board Committees

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



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.

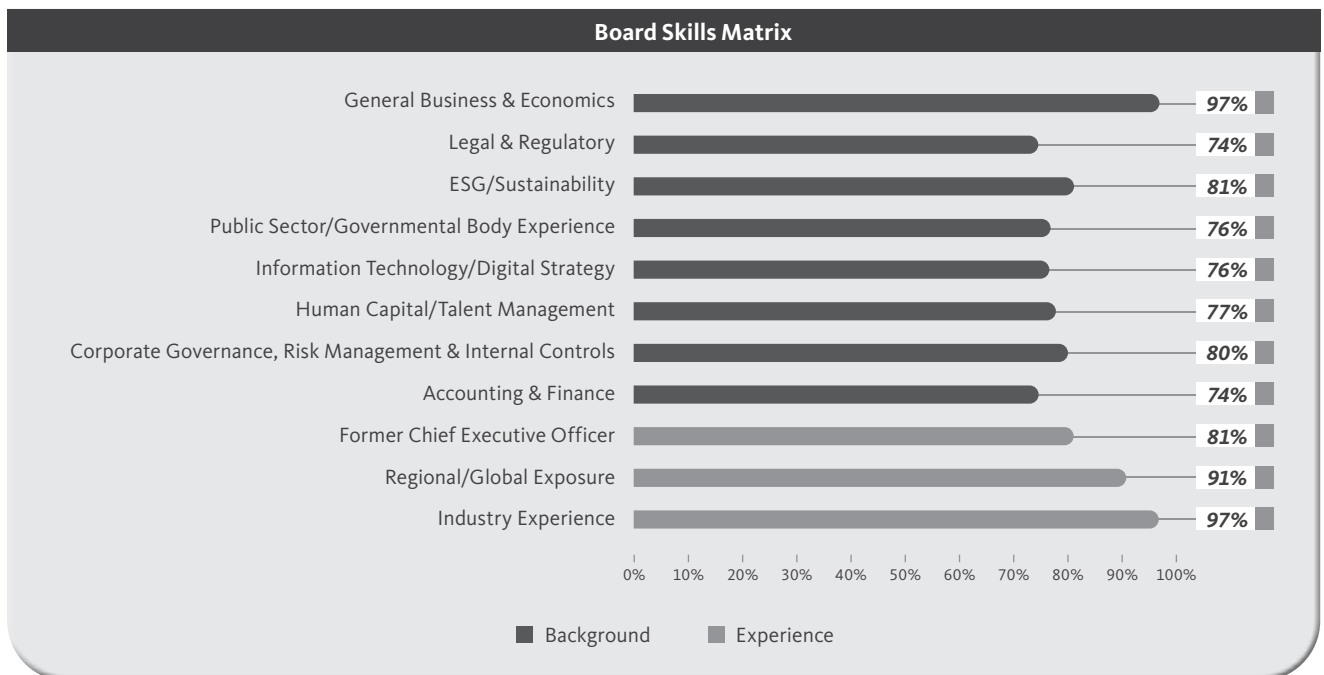
In the fourth quarter of the year, the Company welcomed Puan Fansyurina binti Muhammad as a new Independent Non-Executive Director. Furthermore, on 15 January 2024, the Company was pleased to announce the appointment of Puan Nor Salinun binti Mohd Ghazali as an Independent Non-Executive Director. Simultaneously, Dato' Abdul Majit bin Ahmad Khan, the Independent Non-Executive Chairman, tendered his resignation after nine years of dedicated service to the Company. In response, the Board promptly endorsed the NRC's recommendation to restructure the composition of the AC, NRC, RMC & SC accordingly.

Following this restructuring, the AC and NRC members maintained a composition exclusively comprising Independent Non-Executive Directors, reinforcing the Company's steadfast commitment to robust corporate governance. Concurrently, the RMC and SC members comprise a mix of both Independent Non-Executive Directors and Executive Directors, reflecting a balanced and comprehensive approach to governance practices within the organisation.

## Corporate Governance Overview Statement

The Board and its Committees convene regularly according to a predetermined schedule, with the flexibility for additional meetings at the discretion of the respective Committee Chairmen when deemed necessary. Thorough documentation is maintained for all discussions, recommendations, and decisions made during Committee sessions, with minutes officially confirmed at subsequent Committee meetings. The Board, in turn, is systematically apprised of pertinent matters that have undergone Committee deliberation during its own meetings. This meticulous approach ensures transparency, accountability, and a comprehensive flow of information within the governance framework.

### 2. BOARD COMPOSITION AND DIVERSITY



As part of our ongoing commitment to fortify the Company's competitive advantages, a comprehensive Diversity and Inclusion Policy has been embraced. This policy underscores the recognition of the inherent benefits derived from a diverse Board and workforce. The commitment extends to the dedicated pursuit of enhancing diversity at both the Board and Senior Management levels, deeming it an indispensable and pivotal component.



For a detailed exploration of this approach, the complete Diversity and Inclusion Policy is accessible on MGB's corporate website at [www.mbggroup.com.my](http://www.mbggroup.com.my).

The Board members collectively bring an extensive array of experiences, skills, and expertise, spanning accounting, finance, economics, entrepreneurship, engineering, law, governmental affairs, as well as property construction and development. Each member is distinguished by high calibre and unwavering integrity, contributing to the formidable leadership required for the effective stewardship of the Company. Confidence abounds in the presence of experienced and independent-minded Directors within the Board, collectively ensuring a robust system of checks and balances within the governance structure.

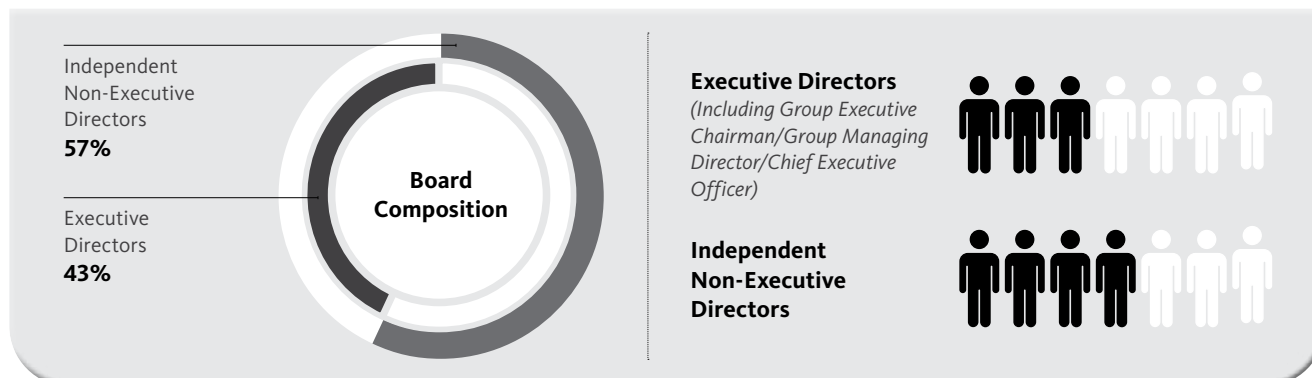
Significant changes have occurred in the composition of the Board compared to the previous reporting period, notably marked by the resignation of Dato' Abdul Majit bin Ahmad Khan ("Dato' Abdul Majit") from his position as Independent Non-Executive Chairman. This resignation was appropriately disclosed to Bursa Malaysia. In lieu of Dato' Abdul Majit's resignation, Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP, has been designated to Group Executive Chairman.

As at the date of this Report, the Board comprises seven (7) members, consisting of three (3) Executive Directors and four (4) Independent Non-Executive Directors ("INED"). This composition reflects a majority of INED in accordance with Paragraph 15.02 of the MMLR of Bursa Malaysia and Practice 5.2 of MCGG, aimed at fostering objective and independent deliberation, review and decision-making.



## Corporate Governance Overview Statement

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



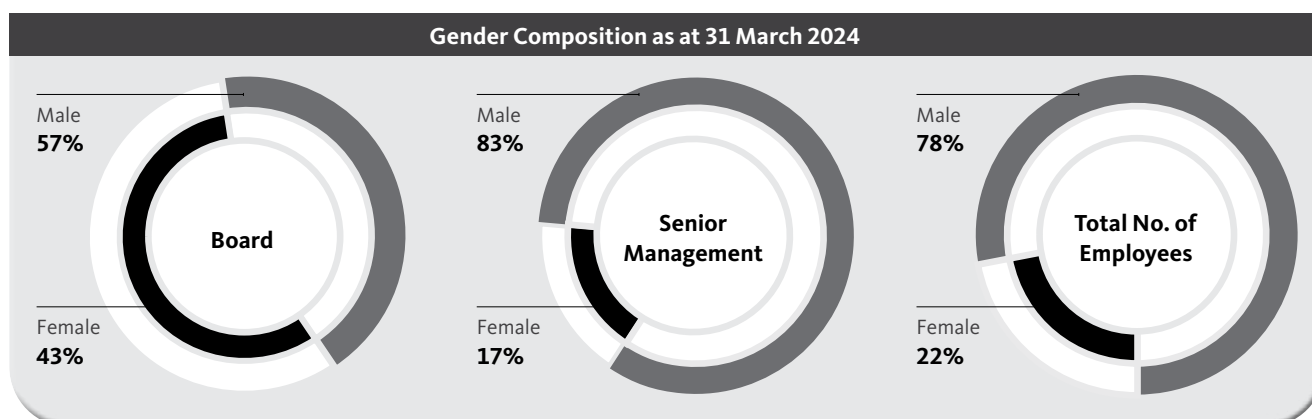
The Board believed that its current Board composition is adequate in terms of size and diversity of age, gender and has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine proposals on strategy and empower the 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.

MGB is deeply committed to fostering gender diversity within its boardroom and senior management, aligning with the principles set forth in Practice 5.9 of the MCCG, which advocates for a board composition comprising at least 30% women Directors. This commitment is exemplified by the recent appointments of two (2) highly qualified women directors, Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Ghazali. These appointments underscore MGB's proactive stance towards gender equality and its recognition of the invaluable contributions' women make to corporate leadership. Moreover, MGB acknowledges that diversity within its leadership not only reflects the diversity of its stakeholders but also enriches the decision-making process by bringing diverse perspectives and experiences to the table. By ensuring a more balanced representation in the boardroom, MGB aims to create an environment where all voices are heard and considered in shaping the company's strategic direction and fostering sustainable growth.

Going beyond board representation, MGB upholds a broader dedication to gender diversity across all organisational levels. The Company firmly embraces the ethos of equal opportunity, strictly prohibiting discrimination based on age, gender, race, ethnicity, or religion throughout its operations. Recognising the significant contributions of women in decision-making roles beyond the Boardroom, MGB actively extends its efforts to include women in senior management positions. Currently, among our six (6) senior management personnel, one (1) is a woman exemplifying our unwavering dedication to cultivating a diverse and inclusive workplace culture with women at the forefront of leadership.

Through this comprehensive approach to gender diversity, MGB not only enhances organisational performance but also champions equality and empowerment within its workforce. By creating an environment that values diversity and inclusivity, MGB ensures that all employees can thrive and contribute to the Company's success. 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 (5) 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.



## Corporate Governance Overview Statement

### 2.1 Activities of 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 four (4) Independent Non-Executive Directors:

- a) Chairman – Puan Nadhirah binti Abdul Karim (Independent Non-Executive Chairman)
- b) Member – Dato’ Beh Hang Kong (Independent Non-Executive Director)
- c) Member – Puan Noor Fansyurina binti Muhammad (Independent Non-Executive Director)
- d) Member – Puan Nor Salinun binti Mohd Ghazali (Independent Non-Executive Director)

A summary of the activities of the NRC in discharging its duties for the FY 2023 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) responsible for nominated and recommended suitable candidates to be appointed as directors to the Board of Members.

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.

In early 2023, the NRC, with the directors’ rotation list presented by the Company Secretaries, identified the directors, namely Dato’ Abdul Majit bin Ahmad Khan and Datuk Lim Lit Chek, 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, 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 21st AGM held on 20 June 2023. 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 has thoroughly reviewed the independence of each Independent Non-Executive Director (“INED”) to ensure their ability to provide unbiased judgment and contribute objectively to Board discussions. None of the INEDs serving during the year has any material business or other relationships with the Group, aligning with the guidelines set forth by the MMLR. Additionally, no other matters were identified that could potentially affect their independence of character and judgment as stipulated by the MMLR.

## Corporate Governance Overview Statement

Moreover, the current composition of the Board reflects a commitment to diversity across various dimensions, including demographics, skills, expertise, and experience. With 57% of the current Board comprising INEDs, there is a strong emphasis on promoting independent judgment and fostering diverse viewpoints. These INEDs play a crucial role in providing unbiased advice and judgment, particularly in matters concerning related party transactions, where their independence is vital to safeguarding the interests of minority shareholders. The Board underscores the importance of all directors, including INEDs, exercising independent judgment at all times and acting solely in the best interests of the Group.

The independence of INEDs is rigorously evaluated annually by the NRC based on criteria outlined in the MMLR and the MCCG guidance. This evaluation ensures that INEDs remain capable of providing unbiased and objective contributions to Board discussions, free from any relationships that could compromise their independence. The Board acknowledges that independence should not be determined solely by tenure but also considers factors such as calibre, qualifications, expertise, experience, integrity, and commitment to serve the Company's best interests.

As of the present, the Board is satisfied that all four (4) INEDs maintain their independence of character and judgment. They are free from relationships or circumstances that could impair their objective judgment or compromise their ability to act in the Company's best interest. This assurance underscores the Board's commitment to upholding the highest standards of corporate governance and ensuring effective oversight of the Company's affairs.

### 2.4 Tenure of Independent Directors

The Board acknowledges the significance of tenure when evaluating the INED, as outlined in the MCCG. In line with this recognition, Dato' Abdul Majit bin Ahmad Khan resigned as Independent Non-Executive Chairman on 15 January 2024, upon reaching the nine (9) year term limit. His resignation underscores the Company's commitment to adhering to the principles outlined in Step Up 5.4 of the MCCG. Specifically, the Company's Board Charter stipulates that Independent Directors must retire or be re-designated as Non-Independent Non-Executive Directors upon completing nine (9) years of service.

As of the present, none of the INEDs has exceeded the nine-year term limit. This adherence to tenure guidelines ensures that the Board maintains a balance of fresh perspectives while benefiting from the experience and continuity of longer-serving directors. By adhering to these principles, the Board demonstrates its commitment to upholding the highest standards of corporate governance and ensuring effective oversight of the Company's affairs.

### 2.5 Senior Independent Non-Executive Director

There is no Senior Independent Non-Executive Director appointed during 2023 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 areas 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;
- The performance of the Sustainability Committee;
- The performance of the Executive Directors and Senior Management in relation to performance evaluation, control and compliance, financial reporting & impact of other key disclosures on financial reporting; 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

## Corporate Governance Overview Statement

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 Clause 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.

Clause 95 of the Company's Constitution provides, among others, that the Directors shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with this Constitution. Any Director so appointed shall hold office only until the next annual general meeting and shall then be eligible for reelection, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Datuk Wira Lim Hock Guan, *JP* and Puan Nadhirah binti Abdul Karim are retiring by rotation in accordance with Clause 90 of the Company's constitution at the forthcoming 22nd AGM and being eligible, have offered themselves for re-election. The Board recognises that the Directors' performance is used as basis in recommending their re-election to the shareholders. This, in turn, is determined through their annual evaluation and independence assessment, which are assessed by the NRC before any recommendation is made to the Board for deliberation and approval.

Based on the annual independence assessment undertaken by the Independent Directors of whom is retiring at the coming 22nd AGM, namely Puan Nadhirah binti Abdul Kadir, the NRC and Board are satisfied that this Independent Director have complied with the independence criteria as prescribed by the MMLR and continue to bring independent and objective judgement to the Board.

In respect of the new appointments made to the Board, Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali shall retire at the forthcoming 22nd AGM in accordance with Clause 95 of Company's constitution and being eligible, have offered themselves for re-election.

Having considered due diligence for the newly appointed Directors, professionalism, vast experience, competency, commitment and individuals' contributions in performing their respective duties, the Board and the NRC are satisfied that all Directors who are standing for re-election at the 22nd AGM have met the Board's expectation by continuously discharging their duties diligently as Company Directors.

With that, upon the NRC's assessment, the Board resolved to support and recommend the re-election of each Director who is retiring at the upcoming 22nd 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.

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.

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### 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 FY 2023.

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, 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 FY 2023. The Board is satisfied 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:-

No.	Name of Board Members	Designation	Attendance											
			BOD	%	AC	%	NR	%	RM	%	SC	%	AGM	%
1.	Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP <sup>#</sup>	Group Executive Chairman	5/5	100	-	-	-	-	-	-	-	-	1/1	100
2.	Datuk Wira Lim Hock Guan, JP	Group Managing Director	5/5	100	-	-	-	-	3/3	100	3/3	100	1/1	100
3.	Datuk Lim Lit Chek	Executive Director & Chief Executive Officer	5/5	100	-	-	-	-	3/3	100	3/3	100	1/1	100
4.	Dato' Beh Hang Kong	Independent Non-Executive Director	5/5	100	5/5	100	3/3	100	3/3	100	3/3	100	1/1	100
5.	Puan Nadhirah binti Abdul Karim <sup>##</sup>	Independent Non-Executive Director	5/5	100	5/5	100	3/3	100	3/3	100	3/3	100	1/1	100
6.	Puan Noor Fansyurina binti Muhammad <sup>*</sup>	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-
7.	Puan Nor Salinun binti Mohd Ghazali <sup>**</sup>	Independent Non-Executive Director	-	-	-	-	-	-	-	-	-	-	-	-
8.	Dato' Abdul Majit bin Ahmad Khan <sup>^</sup>	Independent Non-Executive Chairman	5/5	100	5/5	100	3/3	100	3/3	100	3/3	100	1/1	100
<b>Total number of meetings for FY 2023</b>			<b>5</b>		<b>5</b>		<b>3</b>		<b>3</b>		<b>3</b>		<b>1</b>	

<sup>#</sup> Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP designated as Group Executive Chairman on 15 January 2024.

<sup>##</sup> Puan Nadhirah binti Abdul Karim was designated as Chairman of NRC with effective from 15 January 2024.

<sup>\*</sup> Puan Noor Fansyurina binti Muhammad appointed as Independent Non-Executive Director with effective from 18 December 2023.

<sup>\*\*</sup> Puan Nor Salinun binti Mohd Ghazali appointed as Independent Non-Executive Director with effective from 15 January 2024.

<sup>^</sup> Dato' Abdul Majit bin Ahmad Khan resigned as Independent Non-Executive Chairman with effective from 15 January 2024.



**BOD** Board of Directors

**AC** Audit Committee

**NR** Nomination and Remuneration Committee

**RM** Risk Management Committee

**SC** Sustainability Committee

**AGM** Annual General Meeting

## Corporate Governance Overview Statement

### The Board's 2023 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.

### Highlights of Board Activities During FY 2023

#### February

Review the Audit Findings Report Pursuant to the Audit Planning Memorandum for the Financial Year Ended 31 December 2022.

Table results of Board Effectiveness Evaluation 2022.

Review and approve the performance rating of directors to be seek for re-election at 21st AGM in 2023.

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.

Review and approve Diversity and Inclusion Policy, Crisis Management Policy, Revised Gift, Entertainment & Hospitality Policy and Donation & Sponsorship Policy.

Review the Sustainability Initiatives and Targets.

Review on Group's Planning and Projection.

#### March

Setting KPI for Executive Directors and Senior Management.

Review and approve the remuneration package and proposed bonus for the Executive Directors and Senior Management personnel (Grade GM1 and above) within the Group.

#### April

Approval of Audited Consolidated Financial Statements 31 December 2022.

Review and propose Director Fees and allowance to be approved by the shareholders at AGM.

Review and propose payment of Directors' benefits (excluding Directors' fees) to be approved by the shareholders at AGM.

Review the Solvency Analysis and proposed payment of Final Dividend, to be approved by the shareholders at AGM.

Approval of Annual Report and Corporate Governance Report for the Financial Year 2023.

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.

Review and approve the Sustainability Report 2022 Progress Achieved and outlined strategies Plans for the Future.



#### May

Review and approve the periodic Departmental Enterprise (ERM) and Corruption Risk Register of the Group and the Proposed Management Action Plan.

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.

#### June

Convening of the Company's 21st AGM.

#### August

Review and approve the periodic Departmental Enterprise (ERM) and Corruption Risk Register of the Group and the Proposed Management Action Plan.

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.

Review the Company's Current Business Update.

Update on the Sustainability Initiatives.

#### November

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 2024.

Review Related Party Transaction & Recurrent Related Party Transactions and Conflict of Interest.

A summary of dealings on securities by Directors from last meeting.

Approve proposed amendment to Sustainability Goals and Key Performance Indicator.

Review and approve the Revised Human Right Policy and Group Sustainable Procurement Policy.

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### 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 FY 2023, 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, details of which are set out below:

No.	Director	Development Programmes Attended	Organiser	Date
1.	Dato' Abdul Majit bin Ahmad Khan	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia	22 – 23 August 2023
2.	Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP	Detecting and Deterring Financial Statement Fraud	Association of Chartered Certified Accountants	20 October 2023
		Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia	8 – 9 November 2023
3.	Datuk Wira Lim Hock Guan, JP	Detecting and Deterring Financial Statement Fraud	Association of Chartered Certified Accountants	20 October 2023
4.	Datuk Lim Lit Chek	Detecting and Deterring Financial Statement Fraud	Association of Chartered Certified Accountants	20 October 2023
		Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia	29 – 30 November 2023
5.	Dato' Beh Hang Kong	Detecting and Deterring Financial Statement Fraud	Association of Chartered Certified Accountants	20 October 2023
6.	Puan Nadhirah binti Abdul Karim	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Institute of Corporate Directors Malaysia	13 – 14 September 2023
		Detecting and Deterring Financial Statement Fraud	Association of Chartered Certified Accountants	20 October 2023

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### 3.7 Ethical and Procedural Standards

MGB is dedicated to maintain elevated ethical and procedural standards that resonate with the Company’s values and objectives. In pursuit of this commitment, MGB has established internal policies, standards, guidelines, procedures and codes that underpin its corporate governance framework. Below are some of the key internal policies, standards, guidelines, procedures and codes:

#### 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:

 <i>To observe high standards of Corporate Governance</i>	 <i>To devote sufficient time and effort</i>	 <i>To avoid conflict of interest</i>
 <i>To avoid misuse of position and information</i>	 <i>To ensure integrity of records</i>	 <i>To ensure confidentiality of communication and transactions</i>
 <i>To ensure compliance with applicable laws</i>	 <i>To demonstrate openness and timeliness of communication</i>	 <i>To exercise duties and act honestly in the best interest of the Company</i>
 <i>To uphold accountability</i>	 <i>To maintain positive relationship with shareholders, employees, creditors and customers</i>	 <i>Corporate Social Responsibility</i>

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.*



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### 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 non-compliance 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 non-compliance 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 non-compliance per the procedure disclosed in the Whistleblowing Policy.



*The Whistleblowing Policy has been updated and revised by the Board on 15 April 2024 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. In a continuing effort to ensure ethical business practices, the Board revised the Gift, Entertainment and Hospitality Policy on 17 February 2023.

These policies reinforce a zero-tolerance approach to all forms of bribery and corruption within the Group, reaffirming the commitment to compliance with all applicable laws and regulations governing the Company's business operations to uphold the highest standards of ethical conduct and integrity.

The policies provide guidance to employees on dealing with improper solicitation, bribery and other corrupt activities that may arise during business transactions.



*All three (3) policies are available on the Company's corporate website.*

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### 3.7.5 Sustainability Policy

MGB Group is steadfast in its commitment to upholding the highest standards of ethical business conduct, characterised by integrity, transparency, and a continuous pursuit of excellence in every aspect of its operations. In line with this commitment and striving towards the United Nations Sustainable Development Goals (UN SDG), the Board implemented a Sustainability Policy on 22 February 2022. This policy serves to embed sustainability principles into the Group's business operations. On 19 February 2024, the Sustainability Policy underwent a revamp to integrate with the existing Environmental, Social, and Governance (ESG) Policy. This consolidation aims to streamline and strengthen the Group's approach to sustainability practices.

The Sustainability Policy outlines the foundational principles that govern the Group's sustainability strategy. It ensures that all corporate activities prioritise the sustainable creation of value for shareholders while considering the interests of other stakeholders, including natural resources, society, and neighboring communities. Emphasising values of sustainability, integration, and dynamism, the policy aligns closely with the achievement of the Sustainable Development Goals.



Accessible on the Company's corporate website, the Sustainability Policy underscores MGB Group's dedication to responsible and sustainable business practices.

### 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 Fit and Proper 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 2021 introduction of the Succession Planning Policy by the Board reflects MGB Group's commitment to identify and developing future leaders. Through mentoring, coaching, and training initiatives, the policy aims to cultivate a pool of capable successors for key management positions. Its objectives include ensuring operational stability, preserving institutional knowledge, fostering diversity and talent development, and creating clear career paths for employees. This comprehensive approach strengthens the Group's resilience and ensures continuity of leadership excellence.

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In addition to its core objectives, the Succession Planning Policy underscores MGB Group's proactive stance towards leadership development and organisational resilience. By systematically identifying and grooming high-potential employees, the policy not only mitigates the risks associated with key personnel departures but also fosters a culture of continuous growth and innovation. Furthermore, it aligns with the Group's long-term strategic goals, ensuring that leadership transitions are seamlessly managed, and the organisation remains well-positioned to navigate evolving market dynamics and challenges.

### 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 with the annual review and approval of the remuneration packages for Executive Directors and Senior Management (Grade GM1 and above). This responsibility extends to deliberating on proposals for revisions to these packages and bonus payouts. In 2023, MGB has incorporated ESG performance into the Group Key Performance Indicator for all levels within the Group, including Executive Directors and Senior Management. A detailed process of setting the remuneration for Executive Directors was presented to the NRC. Upon reaching a satisfactory conclusion, the NRC proceeds to recommend the approved remuneration packages to the Board for final approval.

Detailed disclosure of Directors' remuneration, on a named basis, is provided in the CG Report 2023, available on the Company's corporate website. However, the determination of remuneration for INEDs is a collective decision of the Board. INEDs are excluded from deliberations or voting on matters concerning their individual remuneration. The fee structure for Directors is designed to align with market practices, attracting and retaining high-caliber Board members by ensuring fair compensation for their time and contributions. Periodic benchmarking against fees paid by comparable listed companies in Malaysia helps inform these decisions.

MGB also adheres to the practice of seeking shareholders' approval for the payment of Directors' fees and allowances to Non-Executive Directors for FY 2023. Additionally, prior approval is sought, at the AGM, for the payment of Directors' benefits up to a specified amount to Non-Executive Directors from the AGM date, 13 June 2024, until the next annual general meeting.

Throughout FY 2023, the Board acknowledges the NRC's effective and efficient discharge of its roles and responsibilities in accordance with its Terms of Reference, which are publicly 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 2023

	Salaries, Bonuses, Allowances & Other Emoluments	BIK	Total
	93%	7%	100%
Top 5 Senior Management	94%	6%	100%
Remuneration	98%	2%	100%
	98%	2%	100%
	99%	1%	100%
<b>Total amount paid/payable during FY 2023 (RM'000)</b>	<b>RM4,029</b>		

## Corporate Governance Overview Statement

### 5. SUSTAINABILITY LEADERSHIP

The Board has taken decisive action to advance sustainability efforts within the Group through the establishment of a dedicated Board Sustainability Committee. This committee, tasked with overseeing sustainability initiatives, including the execution of the Group's sustainability strategy and driving transformative change across operational and functional areas, underscores our commitment to environmental and social responsibility. Recognising the significant resource consumption and diverse impacts associated with the construction and property development sectors, the Board is steadfast in its pursuit of innovative solutions for a more sustainable industry, leveraging technology and embracing progressive practices.

Both the Board and Senior Management bear the responsibility for embedding sustainability principles and targets throughout our business operations, ensuring their effective implementation and oversight. Our robust corporate policies serve as the cornerstone of our governance framework, fostering trust among shareholders and fostering sustainable value creation. Throughout MGB Group, sustainability principles are ingrained in various facets of our operations, encompassing ethical business practices, responsible procurement, stringent quality control measures, sustainable project design and management practices, talent cultivation, and active community engagement.

To underscore our unwavering commitment to sustainability excellence, the Sustainability Committee, led by Executive Director & Chief Executive Officer, Datuk Lim Lit Chek, assumes responsibility for driving sustainability initiatives and addressing stakeholder concerns. Datuk Lim Lit Chek ensures that sustainability matters receive the highest level of attention and are integrated into strategic decision-making processes. This steadfast commitment reflects our dedication to realising our sustainable vision and mission while adhering to the best practices outlined by the MCCG.

For comprehensive insights into MGB's sustainability endeavors, please refer to the Sustainability Report, located within pages 45 to 112 of the Annual Report, and the standalone Sustainability Report, available for review on the Company's corporate website. These reports offer detailed accounts of our sustainability commitments, initiatives and achievements, showcasing our ongoing efforts to foster a sustainable future.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. 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 FY 2023, no former key audit partner of the Company's Auditors is appointed as a member of the AC.

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

## Corporate Governance Overview Statement

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 FY 2023 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 4th 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 2024 at the forthcoming 22nd 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.

During the 21st AGM of the Company held on 20 June 2023, the shareholders of the Company had approved the re-appointment of UHY as the External Auditors of the Company for FY 2023. 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 136 to 138.*

## 2. 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.

The RMC has been tasked to conduct assessment of risks for MGB Group. The RMC reports to the AC on the semi-annually basis 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 FY 2023, 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 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 139 to 145.*

## Corporate Governance Overview Statement

### 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.

01

#### 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 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 is based on merits, skills, knowledge, expertise, experience, professionalism and integrity regardless of gender, ethnicity and age.

To set the role and responsibilities and principles of crisis management in relation to all entities of the Group.

#### Crisis Management Policy adopted on 17 February 2023

02

03

#### 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 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 is based on merits, skills, knowledge, expertise, experience, professionalism and integrity regardless of gender, ethnicity and age.

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.

#### Revised Gift, Entertainment and Hospitality Policy adopted on 17 February 2023

04

# Corporate Governance Overview Statement

**Revised Donations and Sponsorships Policy adopted on 17 February 2023**

05

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.

**Group Sustainable Procurement Policy adopted on 20 November 2023**

06

The Group Sustainable Procurement Policy underscores the vital role of sustainable procurement in aligning with the Company's overarching strategy. It provides clear guidance to employees on integrating environmental, social, and economic considerations into all procurement activities. Encompassing the entire procurement process, from needs assessment to supplier development, the policy is designed to uphold the principles of the United Nations Sustainable Development Goals (UN SDGs). Emphasis is placed on minimising environmental and social impacts while fostering support for local suppliers.

**Revised Human Rights Policy adopted on 20 November 2023**

07

The revised Human Rights Policy now incorporates a Grievance Mechanism, enhancing MGB commitment to addressing workplace concerns comprehensively. Unlike the Whistleblowing Policy, which focuses on serious misconduct, this mechanism accommodates a wide range of grievances, providing employees with a structured avenue to voice their concerns and ensuring prompt management responses. By validating adherence to the Company's policies, the mechanism plays a crucial role in upholding the Company's standards. Its objective is twofold: identifying gaps in our approach to grievances and resolving issues before they escalate, thus safeguarding the reputation of MGB Group. Applicable to all directors, employees, and third parties associated with MGB Group, the mechanism serves as a proactive measure to prevent negative publicity associated with mishandled grievances.

**Revised Sustainability Policy adopted on 19 February 2024**

08

This policy serves to embed sustainability principles into the Group's business operations. On 19 February 2024, the Sustainability Policy underwent a revamp to integrate with the existing Environmental, Social, and Governance (ESG) Policy. This consolidation aims to streamline and strengthen the Group's approach to sustainability practices.

1

Hybrid Town Hall Meeting



1

Virtual AGM



12

Meetings with Fund Managers & Analysts



56

Announcements to Bursa Malaysia and on Group Corporate website



## Corporate Governance Overview Statement

### 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 21st 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, the 21st AGM of the Company was conducted through live streaming and online remote voting using Remote Participation and Voting facilities on 20 June 2023. 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 21st AGM of the Company.

The Company had notified the shareholders 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 28 April 2023. 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 20 June 2023 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 TIH 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.

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 21st AGM and will continue to implement poll voting for all proposed resolutions set out in the notice of any general meeting. Scrutineer Solutions Sdn. Bhd. 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 21st 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 2023.

This statement together with the CG Report 2023 were approved by the Board on 15 April 2024.



## 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 2023.

### AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023, MGB Group paid a total of RM368,100 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	86,000	298,500
Non-Audit Fees		
- UHY	23,000	30,500
- Affiliates of UHY	3,800	39,100
<b>Total</b>	<b>112,800</b>	<b>368,100</b>

### 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 2023 or entered into since the end of the previous financial year.

## Audit Committee Report

The Board of Directors of MGB Berhad (“Board”) presents the Audit Committee Report (“AC Report”) which provides the insights into the manner in which the Audit Committee discharged its duties and functions for the Group for the financial year 2023 (“FY 2023”).

### COMPOSITION

The Audit Committee (“AC”) comprises four (4) members who are all Independent Non-Executive Directors (“INEDs”).

Chairman : Dato’ Beh Hang Kong  
(Independent Non-Executive Director)

Member : Puan Nadhirah binti Abdul Karim  
(Independent Non-Executive Director)

Member : Puan Noor Fansyurina binti Muhammad  
(Independent Non-Executive Director)

Member : Puan Nor Salinun binti Mohd Ghazali  
(Independent Non-Executive Director)

Puan Noor Fansyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali have assumed a roles as members of the AC on 15 January 2024, following the resignation of Dato’ Abdul Majit bin Ahmad Khan, who concurrently resigned as Independent Non-Executive Chairman of MGB Berhad due to attained nine (9) years tenure of service with the Company.

All the Independent INEDs meet the criteria for independence under Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements (“MMLR”). The AC fulfills the requirements of paragraph 15.09(1)(a) and (b) of the MMLR and Practice 9.4 under Principal B of the Malaysian Code on Corporate Governance (“MCCG”). In accordance with the AC’s Term of Reference (“TOR”), the AC has a policy that requires a former partner of MGB’s External Auditors to observe a cooling-off period at least three (3) years before being appointed as a member of the AC.

In addition, Puan Nadhirah binti Abdul Karim, a member of the AC, holds a membership in the Malaysian Institute of Accountants (“MIA”), thereby fulfilling the financial expertise requisite pursuant to Paragraph 15.09(1)(c) of the MMLR of Bursa Malaysia.

### MEETINGS AND ATTENDANCE

A total of five (5) meetings were held during FY 2023.

 The AC members’ attendance records are outlined in the Corporate Governance Overview Statement section on page 123 of this Annual Report.

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.

### 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 website at [www.mgbgroup.com.my](http://www.mgbgroup.com.my).

## Audit Committee Report

### 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 TOR. The Board is satisfied that the AC has effectively performed all their functions, duties and responsibilities in accordance with its TOR 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 MCCG for the purpose of preparing the Corporate Governance Report pursuant to the requirement of Paragraph 15.25 of the MMLR of Bursa Malaysia 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 and Statement on Risk Management and Internal Control, Related Party Transactions ("RPT"), 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 term; and
- 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 FY 2023 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; and
- 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 FY 2023 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; and
- Monitored the implementation of mitigation actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.

## Audit Committee Report

### 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 TOR of Risk Management Committee and recommended the same for approval by the Board of Directors;
- Reviewed the Revised Enterprise Risk Management Framework; and
- Reviewed the Departmental Enterprise and Corruption Risk Register of the Group and the Proposed Management Action Plan.

### 5. Related Party Transactions (“RPT”), Recurrent Related Party Transactions (“RRPT”) and Conflict of Interest (“COI”)

- Reviewed the RPT, RRPT and COI 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; and
- Reviewed the circular to shareholders in relation to the proposed 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.

### 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 nine (9) years, having joined in year 2015. Mr Wong is a Member of MIA and Certified Public Accountant (CPA) Australia. He has more than nineteen (19) years’ professional experience in providing risk management system and internal controls review service.

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

During the FY 2023, the following activities were carried out by the Internal Auditors in discharge of its responsibilities:

- 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.
- A comprehensive review on Production and Business Development & Planning to ensure that established policies & procedures are approved, effectively communicated and consistently adhered to across the Group.
- 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.
- 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.
- 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 a semi-annual basis, GASB presents reports to the AC in accordance with the approved scope of work and identified areas for improvement. Additionally, follow-up assessments of previous internal audit reviews are conducted to verify the implementation of agreed-upon recommendations within the specified timeline. Feedback and updates on the status of implementation from the Internal Auditors are also provided to the AC.

The total costs incurred for the internal audit function in respect of the financial year was RM32,000.

## 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 2023 (“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 safeguard 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 ongoing 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 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](http://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 internal auditors. All significant and material findings highlighted by the internal audit is reviewed by the AC to ascertain that the mitigation plans are implemented by the 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, in 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 and 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 semi-annually 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

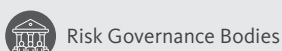
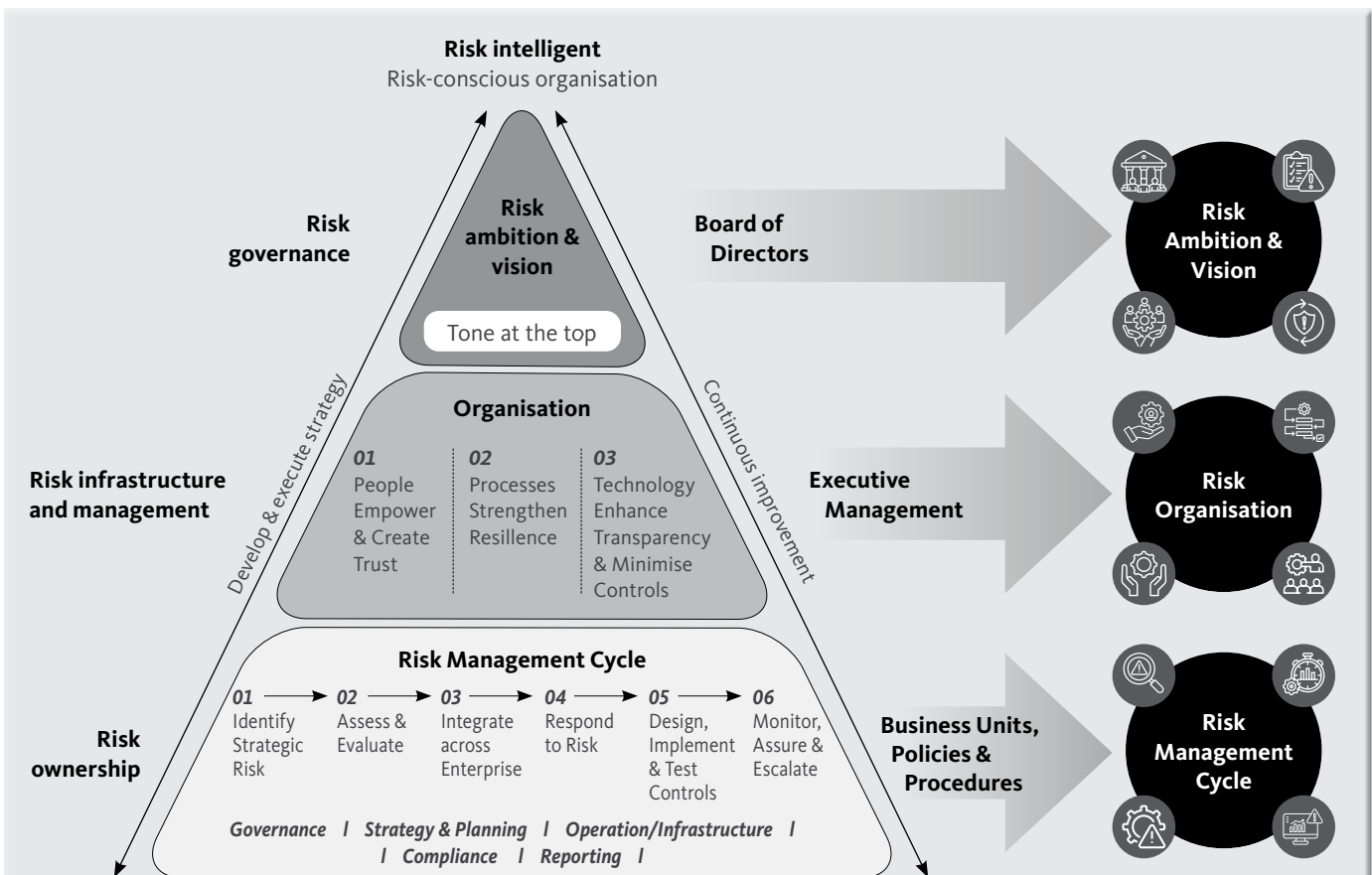
Pursuant to Practice 10.1 and 10.2 read together with Guidance 10.1 and 10.2 as set out in the MCCG, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report significant business risks faced by the Group, where the updated risk profiles of the 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 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 it splits further into twelve (12) core building blocks of a successful Risk Management Function:

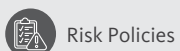
Component	Building Block
<b>1. Risk Ambition and Vision</b> Determine nature and extent of the strategic risks that MGB is willing to take to achieve its objectives, led by the Board.  	<b>01. Risk Governance Bodies</b> Creating the structure and oversight for risk to be effectively managed
	<b>02. Risk Policies</b> Setting the tone and level of risk management applied across MGB
	<b>03. Risk Culture</b> The values and behaviors that drive risk management in MGB
	<b>04. Risk Appetite</b> Setting the level risk of MGB is willing to accept within tolerances
<b>2. Risk Organisation</b> Design, implementation, and maintenance of an effective risk management programme, led by the RMWG and RMC.  	<b>05. Risk Resources</b> The people and time that is applied to risk management, centrally and across Business Units
	<b>06. Risk Procedures and Templates</b> Providing guidance and clear direction for all areas of MGB to perform risk management
	<b>07. Risk Supporting Tools</b> Manual and automated tools leveraged to provide a better risk management process
	<b>08. Risk Training</b> The support provided across the business to embed risk management

## Statement on Risk Management and Internal Control

Component	Building Block
<b>3. Risk Management Cycle</b> 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 abovementioned results are updated in the Risk Register.	<b>09. Risk Identification</b> Process of identifying risks and opportunities to business operations, financials and reputation
	<b>10. Risk Measurement and Response</b> Evaluation of risk on a common scale, with implementation of appropriate response
	<b>11. Risk Management</b> Ongoing management and evaluation of risk mitigations, controls and other responses to risk
	<b>12. Risk Monitoring and Reporting</b> Monitoring of key risks indicators to assess likelihood of crystallisation and reporting of current risk environment



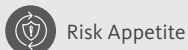
Risk Governance Bodies



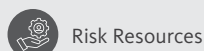
Risk Policies



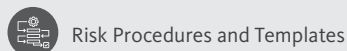
Risk Culture



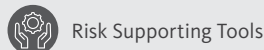
Risk Appetite



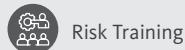
Risk Resources



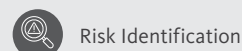
Risk Procedures and Templates



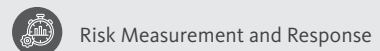
Risk Supporting Tools



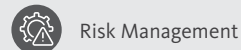
Risk Training



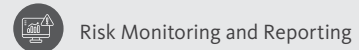
Risk Identification



Risk Measurement and Response



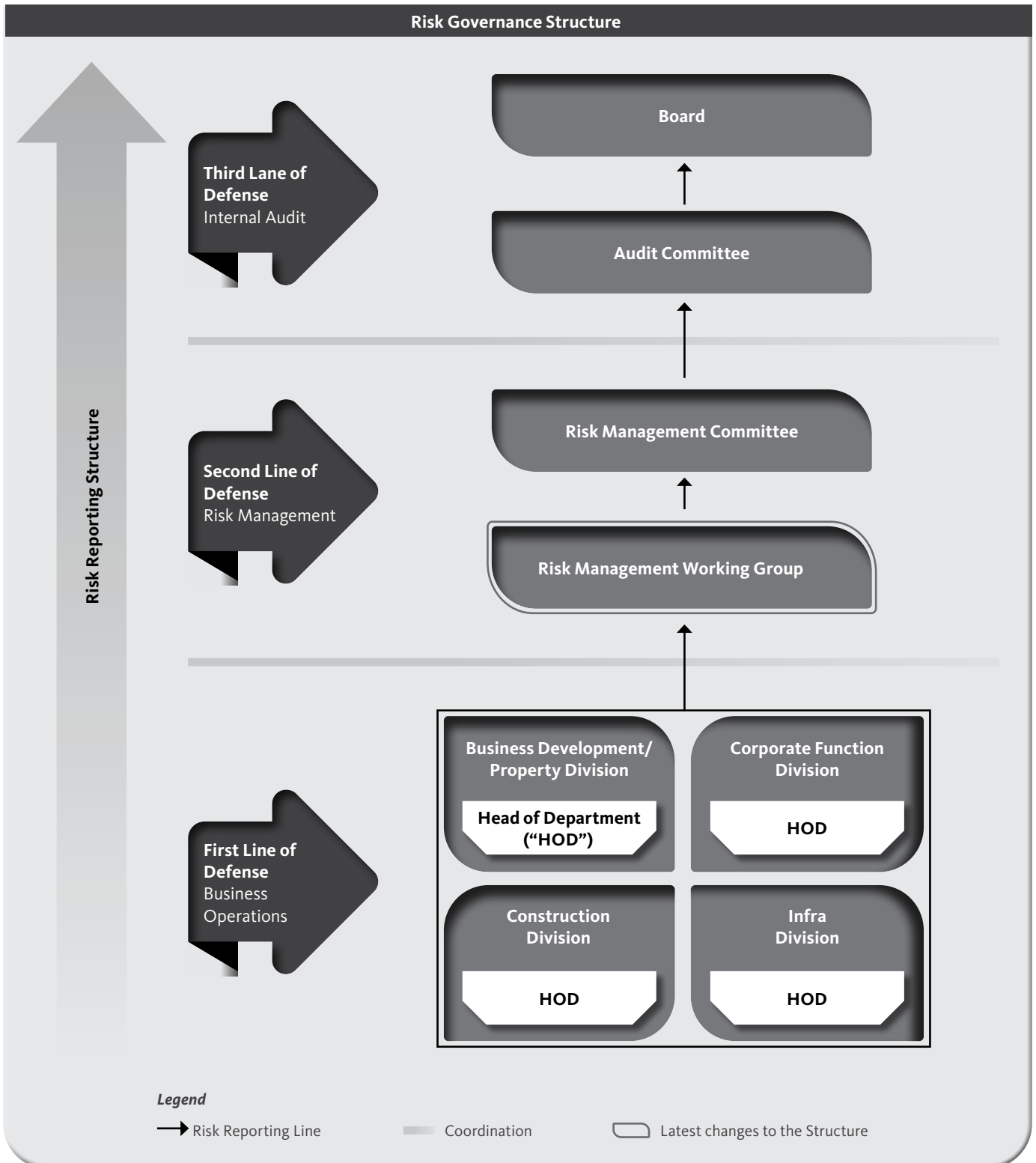
Risk Management



Risk Monitoring and Reporting

## Statement on Risk Management and Internal Control

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 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 identification of 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 risks management;
- c) evaluate any new risks identified by the RMWG and HODs and follow-up on management action plans; and
- d) ensure 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 its operation 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 has instituted an Authority Chart and Discretion Power ("Authority Chart") to streamline the daily operations of the Group and enhance management processes. On 2 November 2023, the Board approved a revised version of the Authority Chart to ensure its relevance and alignment with the Company's evolving operations. This chart clearly delineates and specifies authority levels for personnel to effectively carry out their assigned responsibilities. Under the leadership of the Group Managing Director and the Executive Director & Chief Executive Officer, the Management team is entrusted with execution of the Group's strategies and overseeing of day-to-day business operations.

Within the Group, a well-defined organisational structure is in place, with each department assigned specific roles, responsibilities, authority levels and lines of accountability. This includes establishing proper approval and authorisation limits for capital expenditures and expenses. Furthermore, robust measures are implemented to ensure an effective segregation of duties through independent checks, reviews and reconciliation activities. These measures serve to mitigate risks associated with human errors, fraud and abuses, thereby safeguarding the integrity of the Group's operations.

#### 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 impose 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 15 April 2024. 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.

## Statement on Risk Management and Internal Control

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 MGB Group implemented its Gift, Entertainment and Hospitality Policy on 11 April 2022, aiming to provide clear directives regarding the exchange of such courtesies with customers, business affiliates, third parties and their representatives. This policy establishes a stringent "No Gift, Entertainment and Hospitality" stance, requiring all MGB Group stakeholders, including Directors and staffs, to abstain from offering or accepting such benefits, except under explicitly customary or essential circumstances. This operational guideline not only ensures the effective functioning of the organisation but also actively manages corruption risks by fostering a culture of transparency and integrity in all business transactions.

In alignment with its commitment to upholding exemplary ethical standards within its operations, the Board conducted a comprehensive review of the Gift, Entertainment and Hospitality Policy on 17 February 2023. This diligent review process underscores the Group's dedication to ongoing scrutiny and refinement of its policies, ensuring they remain robust and adaptive to evolving business landscapes and ethical considerations. By regularly evaluating and updating policies related to gifts, entertainment and hospitality, MGB Group proactively mitigates corruption risks, safeguards its reputation, and fosters trust among stakeholders.

### Donations and Sponsorships Policy

MGB Group has taken a proactive step by implementing Donations and Sponsorships Policy on 11 April 2022 to govern all contributions made by MGB Berhad, its subsidiaries and affiliated business entities. This policy underscores the Group's commitment to ethical and legal compliance, ensuring that all donations and sponsorships adhere to applicable laws and regulations. Furthermore, it prohibits any actions intended to influence business decisions or create perceptions of such influence.

As part of its corporate social responsibility initiatives, the Group directs its donations towards the LBS Foundation, a registered non-profit organisation dedicated to community welfare. The foundation focuses on four core pillars: Education, Community, Environment and Health, aligning with the Group's values and mission to contribute positively to society. In line with its commitment to uphold ethical business standards, the Board undertook a review of the Donations and Sponsorships Policy on 17 February 2023. This revision reflects the Group's ongoing efforts to ensure transparency, accountability and integrity in its dealings with external stakeholders.

### Human Rights Policy

The Group's commitment to foster a conducive working environment characterised by mutual respect is exemplified through the establishment of the Human Rights Policy on 11 April 2022. This policy underscores the Group's dedication to uphold internationally recognised human rights standards and fair labour practices, in accordance with local statutory laws across its operations. By prioritising respect for human rights, the Company aims to cultivate a workplace environment where employees feel valued, respected, and empowered. Recognising the pivotal role of fair labour practices in nurturing a harmonious employer-employee relationship, both the Board and Management acknowledge the significance of mutual respect. They understand that fostering a positive workplace culture grounded in respect and fairness not only enhances employee morale but also strengthens employee engagement, ultimately contributing to the Company's success.

In alignment with its steadfast commitment to ethical business conduct, the Board undertook a revision of the Human Rights Policy on 20 November 2023. This revision underscores the Group's ongoing commitment to continuous improvement and ensuring that its policies remain current, relevant and reflective of evolving societal and industry standards. By regularly reviewing and updating its Human Rights Policy, the Company reaffirms its dedication to promoting and protecting human rights across all aspects of its operations.

### Crisis Management Policy

The Group's proactive approach to crisis management is underscored by the establishment of the Crisis Management Policy on 17 February 2023. This policy delineates clear responsibilities and procedures to be followed in managing crises across all entities within the MGB Group. Recognising the critical role of crisis management in mitigating disruptions to daily business operations, MGB prioritises preparedness to effectively address unforeseen challenges as they arise.

In line with this commitment, a Crisis Management Team comprising the Emergency Response Team and the Health, Safety and Environmental Committee is established to oversee crisis management efforts across the MGB Group. This dedicated team is tasked with swiftly responding to crises, implementing appropriate measures and ensuring the safety and well-being of all stakeholders. By proactively setting up this team, MGB demonstrates its commitment to safeguard its operations and minimise the impact of crises on its business continuity.

### Board Committees

The Board has demonstrated its commitment to effective governance and oversight by establishing several committees to oversee key functions within the Group, including the AC, Nomination and Remuneration Committee, RMC and Sustainability Committee. Each of these committees has been entrusted with specific duties and responsibilities outlined in their respective terms of reference. These duties encompass reviewing and deliberating on all matters within their designated scope to ensure thorough consideration and informed decision-making processes.

## Statement on Risk Management and Internal Control

By delegating responsibilities to these specialised committees, the Board ensures comprehensive oversight of critical areas such as financial reporting, corporate governance, risk management and sustainability initiatives. This strategic allocation of responsibilities fosters accountability, transparency and efficiency in the Group's operations, while enabling the Board to focus on strategic direction and long-term objectives. Through the collaborative efforts of these committees, the Board enhances its capacity to address complex challenges, identify opportunities for improvement and drive sustainable growth across the organisation.

### Corporate Control Department

The Company has established a new corporate control department on 1 February 2024. The department is carrying the internal control function to supervise all operational procedures and safeguard the operation errors and frauds. Corporate control team is carrying the responsibility of detection and prevention of errors and frauds within group operation, advise and recommend management action plan to minimise the errors and frauds, fixation of responsibility on each division and team as well as reliability of records to ensure operations efficiency and customers satisfaction. The corporate control team is tasked to oversee cost efficiency optimisation to accomplish the goals & objectives of the Group, ensure works done in accordance to scope within budget and schedule; ensure quality assurance; and accurate reporting.

### INTERNAL AUDIT FUNCTION

The Group has engaged GASB to manage its internal audit function, demonstrating a commitment to impartial assessment of internal controls' effectiveness. Through this arrangement, Internal Auditors support the AC and, by extension, the Board, by providing unbiased evaluations of the Group's internal control systems. The internal audit plan, meticulously crafted to address identified risks, undergoes thorough review and approval by the AC. Throughout the financial year ended 31 December 2023, internal audit visits, guided by the approved plan, focused on key areas such as Production Review and Business Development and Planning.

Reports stemming from internal audit reviews are meticulously presented to the AC, complete with feedback and agreed upon corrective actions to be undertaken by Management. Subsequently, the Internal Auditors diligently verify the progress of these corrective actions against the agreed timeline and present their findings to the AC. Notably, the internal audit reviews conducted during the financial year did not uncover any weaknesses resulting in material losses, contingencies or uncertainties necessitating separate disclosure in this Annual Report, nor are they expected to materially impact the Group's financial statements.

In executing their internal audit review, GASB adheres to the International Professional Practices Framework (IPPF), International Standards for the Professional Practices of Internal Auditing and Code of Ethics issued by the Institute of Internal Auditors, Inc. Additionally, GASB aligns its classification and reporting practices with the principles outlined in the COSO Internal Control – Integrated Framework and the Group's internal policies, ensuring comprehensive and robust assessments of the Group's internal control environment.

### 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 2023 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 acknowledges the inherent limitations of any risk management and internal control framework, recognising that despite their meticulous design, they can only offer reasonable, not absolute, assurance against material misstatements, losses, or fraudulent activities. However, this understanding does not diminish the Board's commitment, alongside the AC and RMC, to maintain a robust system aligned with current business needs, supporting the Group's strategic objectives to the fullest extent feasible.

In their role, the Group Managing Director and the Executive Director & Chief Executive Officer have provided the Board with reasonable assurance regarding the effectiveness and adequacy of the existing risk management and internal control system, particularly in addressing material aspects. Furthermore, Management's commitment to ongoing review and enhancement of this system reinforces the Board's confidence in its ability to adapt and respond to evolving risks and challenges.

Drawing on Management's assurances and insights from relevant assurance providers, the Board has concluded that the Group's risk management and internal control framework, implemented throughout the financial year under review, generally meets the standards necessary to safeguard shareholders' interests and the Group's assets. This holistic evaluation underscores the Board's dedication to prudent governance practices and its responsibility to protect the welfare of stakeholders.

This statement was approved by the Board on 15 April 2024.

## Recurrent Related Party Transactions

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2023 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	<ul style="list-style-type: none"> <li>Provision and/or receipt of contracts in relation to construction works and property development.</li> </ul>	RM868.51 million	<ul style="list-style-type: none"> <li>LBGB is a Major Shareholder of MGB with a shareholding of 57.98% as at 15 April 2024.</li> <li>Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, <i>JP</i> 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.</li> <li>Datuk Wira Lim Hock Guan, <i>JP</i> 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.</li> </ul>
	<ul style="list-style-type: none"> <li>Provision and/or receipt of services in relation to project management, project consultancy and property management.</li> </ul>		
	<ul style="list-style-type: none"> <li>Supply and/or purchase of construction and building materials.</li> </ul>		
	<ul style="list-style-type: none"> <li>Rental of premises from LBGB Group based on market value and is payable on an equal pro-rated monthly basis<sup>(i)</sup>.</li> </ul>	RM0.20 million	<ul style="list-style-type: none"> <li>Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, <i>JP</i>. He is also the Deputy Chief Executive Officer of MGB and a director of various subsidiaries in the MGB Group.</li> </ul>

### Notes:

<sup>(i)</sup> 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 2023 to 31 October 2024	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
Unit No. 3 & 29, Jalan Putera Indah 12/1, Bandar Putera Indah, Tongkang Pechah, 83000 Batu Pahat, Johor Darul Takzim.	RM24,000.00	1 May 2023 to 30 April 2024	Pelangi Homes Sdn. Bhd.* Registration No. 199401008134 (293813-U) Plaza Seri Setia, Level 1-4 No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan
A-G-01, Skylake Residence, Jalan Putra Perdana 5A, Taman Putra Perdana, 47130 Puchong, Selangor Darul Ehsan.	RM12,000.00	1 June 2023 to 31 May 2024	Astana Modal (M) Sdn. Bhd.* Registration No. 200301001940 (604360-H) Plaza Seri Setia, Level 1-4 No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan

\* LBS Bina Holdings Sdn. Bhd., Pelangi Homes Sdn. Bhd. and Astana Model (M) Sdn. Bhd. are wholly-owned subsidiaries of LBGB.

## 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 15 April 2024.

Section

# 04.

## FINANCIAL STATEMENTS

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MGB  
BERHAD

Annual  
Report  
2023

## 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 2023.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities and provision of management services. The principal activities of the subsidiaries are mainly civil engineering, design and build, general construction activities, trading of construction materials, manufacturing of Industrialised Building System precast products, property development, investment holding activities, provision of management services, manufacture, supply and installation of steel related building materials, construction of reservoir and water treatment, hospitality and operation of generation facilities that produce electric energy.

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	50,462,095	32,043,822
Attributable to:		
Owners of the parent	48,173,974	32,043,822
Non-controlling interests	2,288,121	-
	50,462,095	32,043,822

### RESERVES AND PROVISIONS

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

### DIVIDENDS

Dividends paid or declared by the Company since 31 December 2022 are as follows:

	RM
In respect of the financial year 31 December 2022	
An interim dividend of RM0.00249 per ordinary share, paid on 30 March 2023	1,473,177
A final dividend of RM0.00250 per ordinary share, approved by the shareholders at the Annual General Meeting held on 20 June 2023, paid on 20 July 2023	1,479,120
	2,952,297

- (a) On 19 February 2024, the Company declared an interim dividend of RM0.00815 per ordinary share amounting to RM4,821,952 in respect of the current financial year, paid on 29 March 2024.
- (b) A final dividend of RM0.00818 per ordinary share amounting to approximately RM4,839,718 in respect of the current financial year will be proposed for shareholders' approval at the forthcoming 22nd 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 2024.

# 04.

Financial Statements

## Directors' Report

### 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:

Tan Sri Dato' Sri Ir. (Dr.) 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

Noor Fansyurina binti Muhammad

(Appointed on 18 December 2023)

Nor Salinun binti Mohd Ghazali

(Appointed on 15 January 2024)

Dato' Abdul Majit bin Ahmad Khan, DIMP

(Resigned on 15 January 2024)

\* *Director of the Company and its subsidiaries*

The Directors who held office in the subsidiaries (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 Ir. (Dr.) Lim Hock San, JP

Chew Wee Seong

- Alternate Director of Datuk Wira Lim Hock Guan, JP

Lau Chee Tat

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' Report

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares 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 31.12.2023
	At 01.01.2023	Bought	Sold	
<b>The Company</b>				
<i>Direct interests</i>				
Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San	1,076,800	114,900	-	1,191,700
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	3,539,985	211,000	-	3,750,985
<i>Indirect interests</i>				
Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San <sup>1</sup>	347,029,329	-	-	347,029,329
Datuk Wira Lim Hock Guan <sup>1</sup>	347,029,329	-	-	347,029,329
Datuk Lim Lit Chek <sup>2</sup>	1,650,800	-	-	1,650,800
<b>LBS Bina Group Berhad</b>				
<i>Direct interest</i>				
Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San	33,286,014	2,960,000	-	36,246,014
Datuk Wira Lim Hock Guan	28,130,444	-	(10,000,000)	18,130,444
<i>Indirect interest</i>				
Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San <sup>3</sup>	565,526,085	7,500,000	-	573,026,085
Datuk Wira Lim Hock Guan <sup>3</sup>	563,400,010	7,500,000	-	570,900,010

	Number of Redeemable Convertible Preference Shares			At 31.12.2023
	At 01.01.2023	Bought	Converted	
<b>LBS Bina Group Berhad</b>				
<i>Indirect interest</i>				
Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San <sup>3</sup>	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' Report

### DIRECTORS' INTERESTS IN SHARES (CONT'D)

By virtue of their interests in the shares of the Company, Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San and Datuk Wira Lim Hock Guan are also deemed to have interest in the shares of all the subsidiaries 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 40(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 40(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	4,135,525	-
- Defined contribution plans	581,040	-
- Social security contributions	3,803	-
- Retirement benefit obligations	658,260	-
- Other benefits	3,000	3,000
	5,381,628	3,000
Non-Executive Directors		
- Fees	121,200	121,200
- Other emoluments	22,550	22,550
- Other benefits	6,633	6,633
	150,383	150,383
<b>Total</b>	<b>5,532,011</b>	<b>153,383</b>

## Directors' Report

**INDEMNITY AND INSURANCE COSTS**

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the holding company, LBS Bina Group Berhad with total coverage of RM70,000,000 and premium of RM85,000 has been paid during the financial year.

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

**OTHER STATUTORY INFORMATION**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision 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 provision 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.

# 04.

Financial Statements

## Directors' Report

### 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 holding company.

### AUDITORS' REMUNERATION

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

	Group RM	Company RM
Auditors' remuneration		
- Statutory audit	298,500	86,000
- Non-statutory audit	30,500	23,000
	329,000	109,000

### AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 15 April 2024.

\_\_\_\_\_  
**DATUK WIRA LIM HOCK GUAN**

\_\_\_\_\_  
**DATUK LIM LIT CHEK**

KUALA LUMPUR

## 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 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 April 2024.

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**DATUK WIRA LIM HOCK GUAN**

KUALA LUMPUR

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**DATUK LIM LIT CHEK**

## Statutory Declaration

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

I, Datuk Lim Lit Chek, being the Director primarily responsible for the financial management of MGB Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the 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.

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**DATUK LIM LIT CHEK**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 April 2024.

Before me,

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**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 2023 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 material accounting policies, as set out on pages 160 to 239.

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 2023, and of their financial performance and 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 principally involved in construction and property development activities. For the financial year ended 31 December 2023, the Group has recognised revenue over time using input method to measure the progress towards complete satisfaction of performance obligation with reference to the proportion of construction and property development costs incurred for works performed to-date over the estimated total construction costs for construction and property development activities amounted to RM856.2 million and RM115.6 million respectively, as disclosed in Note 29.

We determined this to be a key audit matter because significant judgements and estimates are required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred and the estimated total revenue and costs for construction contracts and property development activities.

We have obtained an understanding of the relevant controls put in place by the Group in respect of revenue recognition for construction and property development activities.

Obtained and reviewed relevant construction contracts to gain an understanding of the specific terms and conditions impacting revenue recognition in evaluating management's identification and assessment of the performance obligations.

We have assessed 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.

## Independent Auditors' Report

to the Members of MGB Berhad

(Registration No.: 200201021504 (589167-W))

(Incorporated in Malaysia)

### Key audit matters (Cont'd)

Key audit matters	How we addressed the key audit matters
<p><b>1. Revenue and cost recognition for construction and property development activities (Cont'd)</b></p> <p>The estimated total revenue and costs are affected by a variety of uncertainties which are dependent on the outcome of future events.</p>	<p>We have verified the construction and property development costs incurred to-date, on a sample basis, to supporting documents such as sub-contractors' progress claims and invoices from vendors.</p> <p>We have recalculated the percentage of completion at the reporting date for mathematical accuracy.</p> <p>We have evaluated the project progress to architect certificates on a sample basis, discussed with project team and conducted site visitations to corroborate with the evidence obtained.</p> <p>We have evaluated management's assessment on the adequacy of foreseeable losses and liquidated ascertained damages ("LAD") of projects, if any, as LAD is considered as variable consideration which will affect the transaction price of the projects.</p> <p>We have assessed the adequacy of disclosures in the financial statements.</p>
<p><b>2. Impairment assessment on goodwill</b></p> <p>As at 31 December 2023, the carrying amount of goodwill recognised by the Group amounted to RM254.7 million, as disclosed in Note 10 to the financial statements. The Group is required to perform annual impairment assessment of the cash-generating units ("CGUs") to which goodwill has been allocated in accordance with MFRS 136 <i>Impairment of Assets</i>.</p> <p>The Group estimated the recoverable amounts of the CGUs to which the goodwill is allocated based on value-in-use ("VIU") model. Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate.</p> <p>We identified this as a key audit matter as the VIU determined using discounted cash flows is complex and involves significant management's judgement and estimates, specifically the key assumptions on the revenue growth rate and discount rate.</p>	<p>We have obtained an understanding of the methodology adopted by the management in estimating the VIU.</p> <p>We have assessed and evaluated the management's key assumptions used in estimating the VIU and compared the key assumptions against historical trend.</p> <p>We have compared to prior period budgets to actual outcomes to assess reliability of management's forecasting process.</p> <p>We have performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the CGUs.</p>

### Information other than the financial statements and auditors' report thereon

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

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

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

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

## Independent Auditors' Report

to the Members of MGB Berhad

(Registration No.: 200201021504 (589167-W))

(Incorporated in Malaysia)

### Responsibilities of the Directors for the financial statements

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

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

### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



**Independent Auditors' Report**

to the Members of MGB Berhad

(Registration No.: 200201021504 (589167-W))

(Incorporated in Malaysia)

**Auditors' responsibilities for the audit of the financial statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**OTHER MATTERS**

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

**UHY**

Firm Number: AF 1411  
Chartered Accountants

**TAN GIM-HENG**

Approved Number: 03595/09/2025 J

Chartered Accountant

Kuala Lumpur  
15 April 2024

# O4.

Financial Statements

## Statements of Financial Position

as at 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	<b>34,059,463</b>	21,520,935	<b>26,030</b>	50,763
Right-of-use assets	5	<b>93,440,555</b>	83,032,343	-	-
Intangible assets	6	-	-	-	-
Investment properties	7	<b>37,226,260</b>	38,108,047	-	-
Investments in subsidiaries	8	-	-	<b>319,000,070</b>	319,000,070
Investment in an associate	9	<b>485,055</b>	433,050	-	-
Goodwill on consolidation	10	<b>254,694,909</b>	254,694,909	-	-
Deferred tax assets	11	<b>1,310,603</b>	854,342	-	-
Trade receivables	14	<b>3,010,260</b>	-	-	-
		<b>424,227,105</b>	398,643,626	<b>319,026,100</b>	319,050,833
<b>Current assets</b>					
Inventories and contract costs	12	<b>131,066,754</b>	81,259,798	-	-
Contract assets	13	<b>52,446,486</b>	32,421,588	-	-
Trade receivables	14	<b>36,952,582</b>	35,976,159	-	-
Other receivables	15	<b>33,199,724</b>	28,131,318	<b>140,837</b>	123,985
Amounts due from subsidiaries	16	-	-	<b>80,384,834</b>	56,066,532
Amounts due from related companies	17	<b>389,378,708</b>	283,575,204	-	-
Amount due from an associate	18	<b>10,845</b>	-	-	-
Tax recoverable		<b>3,101,585</b>	3,305,946	<b>65,694</b>	115,465
Fixed deposits with licensed banks	19	<b>7,809,230</b>	7,169,744	<b>20,355</b>	-
Cash held under Housing Development Accounts	20	<b>17,036,414</b>	21,135,814	-	-
Cash and bank balances	20	<b>27,798,366</b>	25,137,791	<b>151,946</b>	297,318
		<b>698,800,694</b>	518,113,362	<b>80,763,666</b>	56,603,300
<b>Total assets</b>		<b>1,123,027,799</b>	916,756,988	<b>399,789,766</b>	375,654,133

## Statements of Financial Position

as at 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	21	<b>388,185,706</b>	388,185,706	<b>388,185,706</b>	388,185,706
Reserves	22	<b>2,649,134</b>	2,330,418	-	-
Retained earnings/(Accumulated losses)		<b>162,090,375</b>	116,868,698	<b>(5,886,336)</b>	(34,977,861)
Equity attributable to owners of the parent		<b>552,925,215</b>	507,384,822	<b>382,299,370</b>	353,207,845
Non-controlling interests		<b>1,589,333</b>	(698,788)	-	-
<b>Total equity</b>		<b>554,514,548</b>	506,686,034	<b>382,299,370</b>	353,207,845
<b>Non-current liabilities</b>					
Loans and borrowings	23	<b>38,546,293</b>	44,835,704	-	-
Lease liabilities	24	<b>12,921,586</b>	8,372,834	-	-
Deferred tax liabilities	11	<b>3,124,603</b>	3,233,238	-	-
Retirement benefit obligations	28	<b>913,158</b>	-	-	-
		<b>55,505,640</b>	56,441,776	-	-
<b>Current liabilities</b>					
Contract liabilities	13	<b>87,670,618</b>	39,927,009	-	-
Trade payables	25	<b>322,059,623</b>	216,634,368	-	-
Other payables	26	<b>55,862,371</b>	30,241,850	<b>1,167,291</b>	1,054,261
Lease liabilities	24	<b>12,445,799</b>	12,889,742	-	-
Amounts due to subsidiaries	16	-	-	<b>6,323,105</b>	6,392,027
Amount due to holding company	27	<b>13,226</b>	13,226	-	-
Amounts due to related companies	17	<b>1,276,773</b>	5,561,989	-	-
Amount due to an associate	18	-	16,552	-	-
Loans and borrowings	23	<b>30,137,122</b>	47,834,742	<b>10,000,000</b>	15,000,000
Tax payable		<b>3,542,079</b>	509,700	-	-
		<b>513,007,611</b>	353,629,178	<b>17,490,396</b>	22,446,288
<b>Total liabilities</b>		<b>568,513,251</b>	410,070,954	<b>17,490,396</b>	22,446,288
<b>Total equity and liabilities</b>		<b>1,123,027,799</b>	916,756,988	<b>399,789,766</b>	375,654,133

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

# 04.

Financial Statements

## Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	29	<b>971,828,165</b>	612,801,214	<b>33,500,000</b>	6,000,000
Cost of sales	30	<b>(823,268,623)</b>	(524,103,811)	-	-
Gross profit		<b>148,559,542</b>	88,697,403	<b>33,500,000</b>	6,000,000
Other income		<b>2,158,801</b>	2,296,377	<b>1,633,855</b>	1,282,931
Administrative expenses		<b>(69,220,817)</b>	(54,198,268)	<b>(2,491,289)</b>	(1,780,043)
Net (loss)/gain on impairment of financial assets		<b>(1,021,946)</b>	(683,451)	<b>408,909</b>	-
Other operating expenses		<b>(5,415,071)</b>	(5,221,749)	-	-
Finance costs	31	<b>(6,085,579)</b>	(5,508,448)	<b>(848,631)</b>	(722,795)
Share of profit of associates, net of tax	9	<b>232,005</b>	229,771	-	-
Profit before tax	32	<b>69,206,935</b>	25,611,635	<b>32,202,844</b>	4,780,093
Taxation	33	<b>(18,744,840)</b>	(11,400,017)	<b>(159,022)</b>	(112,597)
Profit for the financial year		<b>50,462,095</b>	14,211,618	<b>32,043,822</b>	4,667,496
<b>Other comprehensive income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences		<b>(159,838)</b>	-	-	-
<b>Item that will not be reclassified to profit or loss</b>					
Deferred tax on asset revaluation		<b>478,554</b>	-	-	-
Total other comprehensive income		<b>318,716</b>	-	-	-
Total comprehensive income		<b>50,780,811</b>	14,211,618	<b>32,043,822</b>	4,667,496
<b>Profit for the financial year attributable to:</b>					
Owners of the parent		<b>48,173,974</b>	15,096,389	<b>32,043,822</b>	4,667,496
Non-controlling interests		<b>2,288,121</b>	(884,771)	-	-
		<b>50,462,095</b>	14,211,618	<b>32,043,822</b>	4,667,496
<b>Total comprehensive income/(loss) for the financial year attributable to:</b>					
Owners of the parent		<b>48,492,690</b>	15,096,389	<b>32,043,822</b>	4,667,496
Non-controlling interests		<b>2,288,121</b>	(884,771)	-	-
		<b>50,780,811</b>	14,211,618	<b>32,043,822</b>	4,667,496
<b>Earnings per share</b>					
Basic and diluted earnings per share (sen)	34	<b>8.14</b>	2.55		

## Statements of Changes in Equity

for the Financial Year Ended 31 December 2023

Group	Note	Share capital RM	Attributable to owners of the parent		Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
			Asset revaluation reserve RM	Non-distributable					
			Foreign currency translation reserve RM						
At 1 January 2023		388,185,706	4,014,227	-	(1,683,809)	116,868,698	507,384,822	(698,788)	506,686,034
Profit for the financial year		-	-	-	-	48,173,974	48,173,974	2,288,121	50,462,095
Other comprehensive income	22	-	478,554	(159,838)	-	-	318,716	-	318,716
<b>Transactions with owners</b>									
Dividends paid	35	-	-	-	-	(2,952,297)	(2,952,297)	-	(2,952,297)
At 31 December 2023		388,185,706	4,492,781	(159,838)	(1,683,809)	162,090,375	552,925,215	1,589,333	554,514,548

Group	Note	Share capital RM	Attributable to owners of the parent		Other reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
			Asset revaluation reserve RM	Non-distributable					
			Foreign currency translation reserve RM						
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	-	(150,797)	-	150,797	-	-	-	
<b>Transactions with owners</b>									
Dividends paid	35	-	-	-	(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	

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## Statements of Changes in Equity

for the Financial Year Ended 31 December 2023

	Note	Non-distributable Share capital RM	Accumulated losses RM	Total equity RM
<b>Company</b>				
At 1 January 2023		388,185,706	(34,977,861)	353,207,845
Profit for the financial year, representing total comprehensive income for the financial year		-	32,043,822	32,043,822
<b>Transactions with owners</b>				
Dividends paid	35	-	(2,952,297)	(2,952,297)
At 31 December 2023		388,185,706	(5,886,336)	382,299,370

	Note	Non-distributable Share capital RM	Accumulated losses RM	Total equity RM
<b>Company</b>				
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
<b>Transactions with owners</b>				
Dividends paid	35	-	(5,413,550)	(5,413,550)
At 31 December 2022		388,185,706	(34,977,861)	353,207,845

## Statements of Cash Flows

for the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from/(used in) operating activities</b>					
Profit before tax		<b>69,206,935</b>	25,611,635	<b>32,202,844</b>	4,780,093
Adjustments for:					
Depreciation of:					
- property, plant and equipment	4	<b>7,500,331</b>	6,880,762	<b>24,733</b>	36,646
- right-of-use assets	5	<b>10,075,674</b>	7,879,884	-	-
- investment properties	7	<b>881,787</b>	881,789	-	-
Share of profit of associates	9	<b>(232,005)</b>	(229,771)	-	-
Impairment losses on:					
- goodwill	10(c)	-	44,453	-	-
- trade receivables	14	<b>1,364,154</b>	715,769	-	-
- amounts due from subsidiaries	16	-	-	<b>241,664</b>	-
- amounts due from related companies	17	<b>80,930</b>	40,662	-	-
Reversal of impairment losses on:					
- amount due from an associate	9	-	(34,315)	-	-
- trade receivables	14	<b>(420,354)</b>	(38,665)	-	-
- amounts due from subsidiaries	16	-	-	<b>(650,573)</b>	-
- amounts due from related companies	17	<b>(2,784)</b>	-	-	-
(Gain)/Loss on disposal of:					
- a subsidiary	8(c)	-	(599,738)	-	-
- property, plant and equipment	32	<b>(312,136)</b>	1,764	-	-
- right-of-use assets	32	<b>(164,999)</b>	-	-	-
- an associate	32	-	41,001	-	-
Provision for retirement benefit obligations	28	<b>913,158</b>	-	-	-
Finance costs	31	<b>6,085,579</b>	5,508,448	<b>848,631</b>	722,795
Bad debts written off	32	-	37,333	-	-
Interest income	32	<b>(824,197)</b>	(648,136)	<b>(785,224)</b>	(548,655)
Unrealised loss on foreign exchange	32	<b>70,829</b>	-	-	-
Loss on lease termination	32	<b>499</b>	-	-	-
Operating profit before working capital changes		<b>94,223,401</b>	46,092,875	<b>31,882,075</b>	4,990,879

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Financial Statements

## Statements of Cash Flows

for the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from/(used in) operating activities (Cont'd)</b>					
Operating profit before working capital changes (Cont'd)		<b>94,223,401</b>	46,092,875	<b>31,882,075</b>	4,990,879
<b>Changes in working capital:</b>					
Inventories and contract costs		<b>(49,806,956)</b>	(13,828,589)	-	-
Trade and other receivables		<b>(10,042,532)</b>	(3,052,337)	<b>(16,852)</b>	299,685
Trade and other payables		<b>124,237,483</b>	(58,918,703)	<b>113,030</b>	(30,813)
Contract assets and contract liabilities		<b>27,718,711</b>	47,777,389	-	-
Amounts due from/to subsidiaries		-	-	<b>(23,200,386)</b>	1,175,907
Amounts due from/to related companies		<b>(110,166,866)</b>	(2,897,179)	-	-
Amount due to holding company		-	13,227	-	-
Amount due from/to an associate		<b>(27,397)</b>	(42,082)	-	-
		<b>(18,087,557)</b>	(30,948,274)	<b>(23,104,208)</b>	1,444,779
Cash from operations		<b>76,135,844</b>	15,144,601	<b>8,777,867</b>	6,435,658
Interest paid		<b>(6,161,304)</b>	(5,571,724)	<b>(848,631)</b>	(722,795)
Interest received		<b>824,197</b>	648,136	<b>7,295</b>	684
Income tax refunded		<b>1,000,792</b>	-	-	-
Income tax paid		<b>(16,595,234)</b>	(13,758,516)	<b>(109,251)</b>	(74,455)
		<b>(20,931,549)</b>	(18,682,104)	<b>(950,587)</b>	(796,566)
Net cash from/(used in) operating activities		<b>55,204,295</b>	(3,537,503)	<b>7,827,280</b>	5,639,092
<b>Cash flows used in investing activities</b>					
Net cash outflows from acquisition of a subsidiary	8(a)	-	(941,060)	-	-
Net cash inflows from disposal of a subsidiary	8(c)	-	747,571	-	-
Purchase of property, plant and equipment	4(a)	<b>(10,283,823)</b>	(2,728,498)	-	-
Additions in right-of-use assets	5(d)	<b>(3,322,733)</b>	(364,082)	-	-
Proceeds from disposal of:					
- property, plant and equipment		<b>312,216</b>	131,868	-	-
- right-of-use assets		<b>165,000</b>	-	-	-
- an associate	9(a)	-	45,000	-	-
Dividends received from an associate	9	<b>180,000</b>	180,000	-	-
Net cash used in investing activities		<b>(12,949,340)</b>	(2,929,201)	-	-



## Statements of Cash Flows

for the Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows (used in)/from financing activities</b>				
Net bank balances pledged to licensed banks	(77,214)	-	-	-
Net placements of deposits pledged to licensed banks	(635,209)	(1,326,908)	(20,355)	-
Drawdown of bank borrowings	85,951,343	132,129,552	-	-
Dividends paid	(2,952,297)	(5,413,550)	(2,952,297)	(5,413,550)
Payments of lease liabilities	(15,923,631)	(12,876,275)	-	-
Repayment of bank borrowings	(107,246,552)	(104,719,906)	(5,000,000)	-
Net cash (used in)/from financing activities	(40,883,560)	7,792,913	(7,972,652)	(5,413,550)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,371,395</b>	<b>1,326,209</b>	<b>(145,372)</b>	<b>225,542</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>33,772,788</b>	<b>32,446,579</b>	<b>297,318</b>	<b>71,776</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(191,335)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>34,952,848</b>	<b>33,772,788</b>	<b>151,946</b>	<b>297,318</b>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Cash and bank balances	27,798,366	25,137,791	151,946	297,318
Cash held under Housing Development Accounts	17,036,414	21,135,814	-	-
Fixed deposits with licensed banks	7,809,230	7,169,744	20,355	-
Bank overdrafts	(9,982,030)	(12,673,852)	-	-
	42,661,980	40,769,497	172,301	297,318
Less: Fixed deposits pledged with licensed banks	(7,631,918)	(6,996,709)	(20,355)	-
Cash and bank balances pledged with a licensed bank	(77,214)	-	-	-
	34,952,848	33,772,788	151,946	297,318

# Notes to the Financial Statements

31 December 2023

## 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 G-3A, Sunway PJ@51A, Jalan SS 9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged in investment holding activities and provision of management services. The principal activities of the subsidiaries are mainly civil engineering, design and build, general construction activities, trading of construction materials, manufacturing of Industrialised Building System precast products, property development, investment holding activities, provision of management services and operation of generation facilities that produce electric energy.

Further details of the subsidiaries have been disclosed in Note 8.

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

The 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 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

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

#### Material accounting policy information

The Group adopted Amendments to MFRS 101 *Presentation of Financial Statements - Disclosure of Accounting Policies* for the first time in 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

## Notes to the Financial Statements

31 December 2023

**2. BASIS OF PREPARATION (CONT'D)****(a) Statement of compliance (Cont'd)****Adoption of amended standards (Cont'd)**Material accounting policy information (Cont'd)

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in material accounting policies (2022: significant accounting policies) in certain instances in line with the amendments.

**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:

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 16	Lease Liability in Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 7 and MFRS 107	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
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.

**(c) Significant accounting judgements, estimates and assumptions**

The preparation of the Group's and the Company'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 and the Company'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.

## Notes to the Financial Statements

31 December 2023

### 2. BASIS OF PREPARATION (CONT'D)

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

##### Judgements (Cont'd)

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

The Group recognises revenue over time in the following circumstances:

- (i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (iii) the Group 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.

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 assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

###### Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines 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 has several lease contracts that include extension and termination options. The Group applies 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 reassesses 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.

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

##### **Key sources of estimation uncertainty**

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

###### Useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment properties

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.

## Notes to the Financial Statements

31 December 2023

**2. BASIS OF PREPARATION (CONT'D)****(c) Significant accounting judgements, estimates and assumptions (Cont'd)****Key sources of estimation uncertainty (Cont'd)**Impairment of investments in subsidiaries

The Company reviews its investments in subsidiaries 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 subsidiaries is disclosed in Note 8.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates 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 products, the Group might be required to reduce the value of its inventories.

Details of inventories are disclosed in Note 12.

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.

## Notes to the Financial Statements

31 December 2023

### 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 and property development activities

Revenue and costs for construction contracts and property development activities are recognised over the period of the contract in the profit or loss, using the input method in measuring progress towards complete satisfaction of the performance obligation.

The progress towards complete satisfaction of performance obligation is determined by the proportion that the contract costs incurred to-date over the estimated total costs of the contract.

Significant judgement is required in determining the progress towards complete satisfaction of performance based on the level of completion of the construction corroborated by the certified work-to-date, the extent of the contract costs incurred and the estimated total contract costs. The total estimated 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.

Revenue of the Group arising from construction contracts and property development activities are disclosed in Note 29.

###### Provision for expected credit loss of financial assets at amortised cost and contract assets

The Group reviews the recoverability of its trade and other receivables, amounts due from subsidiaries, an associate and related companies, and contract assets at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions 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 the financial assets at amortised cost and contract assets are disclosed in Notes 13, 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 uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group 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 estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

###### Defined benefit plan

The cost of the defined benefit plan and the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of salary increases and mortality rates. There is an assumption that there will be no resignation. All assumptions are reviewed at each financial year end.

In determining the appropriate discount rate, the valuation is based on market yield of Malaysian Government Securities, Private Debt Securities with AA ratings above with terms similar to the terms of the liabilities.

## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES**

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

**(a) Basis of consolidation****(i) Subsidiaries**

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

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

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

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

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

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

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is 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(m)(i) to the financial statements on impairment of non-financial assets.

## Notes to the Financial Statements

31 December 2023

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (Cont'd)

##### (ii) Changes in ownership interests in subsidiaries 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 subsidiaries is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

##### (iii) Disposal of subsidiaries

If the Group loses control of a subsidiary, the assets and liabilities of the subsidiary, 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 (i.e. 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(m)(i) to the financial statements on impairment of non-financial assets.

#### (b) Foreign currency transactions and balances

##### Transactions and balances

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

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

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

##### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates at the dates of the transactions). The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to income statement. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.



## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (CONT'D)****(c) 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(m)(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 of each asset to its residual value over its estimated useful life. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

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

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

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

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.

## Notes to the Financial Statements

31 December 2023

## 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

## (d) Leases

## (i) As lessee

The Group recognises 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.

ROU assets other than leasehold land and buildings are 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(m)(i) on impairment of non-financial assets.

Leasehold land and buildings are subsequently 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.

ROU assets are 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, to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised 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%

ROU asset under construction are not depreciated until the assets are ready for its intended use.

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 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.

## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (CONT'D)****(d) Leases (Cont'd)****(i) As lessee (Cont'd)**

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 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 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 applies *MFRS 15 Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses 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.

**(e) 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% (2022: 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(m)(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.

## Notes to the Financial Statements

31 December 2023

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (f) 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, amounts due from subsidiaries, related companies and an associate, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash and bank balances.

#### (i) 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.

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

##### 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.

##### 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.

#### (iii) 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.

## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (CONT'D)****(f) Financial assets (Cont'd)****(iii) Financial assets at fair value through profit or loss (Cont'd)**

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.

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 expired. 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.

**(g) 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.

**(h) 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*.

**(i) 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.

## Notes to the Financial Statements

31 December 2023

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (j) Inventories

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

##### (i) Development lands

Development lands consist 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.

Development lands 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.

Development lands are transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

##### (ii) Property development costs and completed properties

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 approved 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.

##### (iii) 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.

#### (k) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (CONT'D)****(k) Construction contracts (Cont'd)**

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

**(l) 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 pledged deposits.

**(m) Impairment of assets****(i) Non-financial assets**

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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.

## Notes to the Financial Statements

31 December 2023

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (m) Impairment of assets (Cont'd)

##### (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.

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 and contract assets, 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.

Impairment for other receivables and intercompanies balances of the Group and of the Company are recognised based on the general approach using the forward-looking ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised. The Group and the Company define significant increase in credit risk based on past due information, i.e. 365 days after credit term.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

#### (n) Share capital

##### 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.



## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (CONT'D)****(o) 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 and of the Company. 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.

The Group operates a wholly unfunded non-contributory defined benefit retirement scheme (the “Scheme”) for its eligible employees. The Group’s obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by an independent actuary.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligation at each financial year end less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that have terms to maturity approximating to the terms of the pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Net interest is recognised in profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

**(p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**(q) 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.

## Notes to the Financial Statements

31 December 2023

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (q) Contract assets and contract liabilities (Cont'd)

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.

#### (r) 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:

##### 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 input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, by reference to the actual cost incurred for work performed to-date, i.e. based on the level of completion of the physical proportion of contract work to-date certified by professional accountants over the estimated total costs for each contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets*.

##### 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 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.

## Notes to the Financial Statements

31 December 2023

**3. MATERIAL ACCOUNTING POLICIES (CONT'D)****(r) Revenue recognition (Cont'd)****(i) Revenue from contracts with customers (Cont'd)**Revenue from property development (Cont'd)

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*.

Sale of goods

Revenue from sale of goods is recognised at a point in time when the products have been transferred to the customers and coincide with the delivery of products and acceptance by customers.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes.

**(ii) Other revenue**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.

Interest income

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

Dividend income

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

**(s) 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, that affects neither accounting nor taxable profit or loss and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.

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.

## Notes to the Financial Statements

31 December 2023

### 3. MATERIAL ACCOUNTING POLICIES (CONT'D)

#### (s) Income taxes (Cont'd)

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 realised simultaneously.

#### (t) 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.

#### (u) 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

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## 4. PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Motor vehicles RM	Capital work-in- progress RM	Total RM
<b>Group</b>						
<b>2023</b>						
<b>Cost</b>						
At 1 January	39,272,346	7,635,964	13,326,244	2,394,194	-	62,628,748
Additions	12,712,472	1,123,190	2,798,808	181,004	351,813	17,167,287
Disposals	(60,563)	-	-	(677,417)	-	(737,980)
Transfer from right-of-use assets	5,929,275	-	-	428,302	-	6,357,577
Transfer to right-of-use assets	(931,767)	-	-	-	-	(931,767)
Exchange differences	591	176	-	1,359	2,810	4,936
At 31 December	56,922,354	8,759,330	16,125,052	2,327,442	354,623	84,488,801
<b>Accumulated depreciation</b>						
At 1 January	26,185,440	5,265,569	7,361,015	2,295,789	-	41,107,813
Charge for the financial year	4,195,930	683,981	2,563,392	57,028	-	7,500,331
Disposals	(60,483)	-	-	(677,417)	-	(737,900)
Transfer from right-of-use assets	2,213,691	-	-	428,298	-	2,641,989
Transfer to right-of-use assets	(82,966)	-	-	-	-	(82,966)
Exchange differences	22	4	-	45	-	71
At 31 December	32,451,634	5,949,554	9,924,407	2,103,743	-	50,429,338
<b>Carrying amount</b>						
At 31 December	24,470,720	2,809,776	6,200,645	223,699	354,623	34,059,463

## Notes to the Financial Statements

31 December 2023

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

	Plant, machinery and equipment RM	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Motor vehicles RM	Total RM
<b>Group</b>					
<b>2022</b>					
<b>Cost</b>					
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
<b>Accumulated depreciation</b>					
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
<b>Carrying amount</b>					
At 31 December	13,086,906	2,370,395	5,965,229	98,405	21,520,935

## Notes to the Financial Statements

31 December 2023

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

	Furniture, fittings and office equipment RM	Electrical installation and renovation RM	Total RM
<b>Company</b>			
<b>2023</b>			
<b>Cost</b>			
At 1 January/31 December	683,336	247,328	930,664
<b>Accumulated depreciation</b>			
At 1 January	683,332	196,569	879,901
Charge for the financial year	-	24,733	24,733
At 31 December	683,332	221,302	904,634
<b>Carrying amount</b>			
At 31 December	4	26,026	26,030
<b>2022</b>			
<b>Cost</b>			
At 1 January/31 December	683,336	247,328	930,664
<b>Accumulated depreciation</b>			
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
<b>Carrying amount</b>			
At 31 December	4	50,759	50,763

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

	Group	
	2023 RM	2022 RM
Purchase of property, plant and equipment	17,167,287	4,220,931
Unsettled and remained as payables	(6,883,464)	(1,492,433)
Cash payments	10,283,823	2,728,498

## Notes to the Financial Statements

31 December 2023

	At valuation					At cost					Total RM	
	Leasehold land and buildings RM	Renovation RM	Hostel RM	Sales gallery RM	Computer equipment RM	Plant, machinery and equipment RM	Motor vehicles RM					
<b>Group</b>												
<b>2023</b>												
<b>Cost/Valuation</b>												
At 1 January	41,662,005	5,940	218,137	237,983	1,298,076	66,253,970	5,362,776	115,038,887				
Additions	-	-	116,144	-	-	22,344,473	912,276	23,372,893				
Disposal	-	-	-	-	-	-	(409,375)	(409,375)				
Transfer from property, plant and equipment	-	-	-	-	-	931,767	-	931,767				
Transfer to property, plant and equipment	-	-	-	-	-	(5,929,275)	(428,302)	(6,357,577)				
Lease termination	-	-	(33,328)	-	-	-	-	(33,328)				
At 31 December	41,662,005	5,940	300,953	237,983	1,298,076	83,600,935	5,437,375	132,543,267				
<b>Accumulated depreciation</b>												
At 1 January	8,793,872	3,268	130,862	99,160	778,845	17,359,029	3,451,676	30,616,712				
Charge for the financial year	1,113,419	742	98,215	79,328	259,615	7,797,210	727,145	10,075,674				
Disposal	-	-	-	-	-	-	(409,374)	(409,374)				
Transfer from property, plant and equipment	-	-	-	-	-	82,966	-	82,966				
Transfer to property, plant and equipment	-	-	-	-	-	(2,213,691)	(428,298)	(2,641,989)				
Lease termination	-	-	(11,109)	-	-	-	-	(11,109)				
At 31 December	9,907,291	4,010	217,968	178,488	1,038,460	23,025,514	3,341,149	37,712,880				
<b>Accumulated impairment losses</b>												
At 1 January/31 December	1,389,832	-	-	-	-	-	-	1,389,832				
<b>Carrying amount</b>												
At 31 December	30,364,882	1,930	82,985	59,495	259,616	60,575,421	2,096,226	93,440,555				

## 5. RIGHT-OF-USE ASSETS



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

Group	At valuation					At cost					Total RM	
	Leasehold land and buildings RM	Renovation RM	Hostel RM	Sales gallery RM	Computer equipment RM	Plant, machinery and equipment RM	Motor vehicles RM					
<b>2022</b>												
<b>Cost/Valuation</b>												
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	
<b>Accumulated depreciation</b>												
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	
<b>Accumulated impairment losses</b>												
At 1 January/31 December	1,389,832	-	-	-	-	-	-				1,389,832	
<b>Carrying amount</b>												
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 2023

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

- (a) The Group had entered into 5 (2022: 6) non-cancellable operating lease agreement for the use of sales gallery and residential hostel (2022: sales gallery and residential hostel). The lease is for a period of 1 year plus 1 year and 3 years plus 2 years 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 building.
- (b) As at 31 December 2023, leasehold land and buildings with carrying amount of RM28,385,162 (2022: RM29,455,372) 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	
	2023 RM	2022 RM
Motor vehicles	2,096,226	1,911,100
Plant and machinery	60,575,421	48,894,941
Computer	259,616	519,231
	<b>62,931,263</b>	<b>51,325,272</b>

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, payables and cash payments are as follows:

	Group	
	2023 RM	2022 RM
Purchase of right-of-use assets	23,372,893	5,647,380
Financed by lease liabilities	(20,050,160)	(5,283,298)
Cash payments	3,322,733	364,082

- (e) As at 31 December 2023, the remaining period of leasehold land and buildings are 22 to 91 (2022: 23 to 92) years.
- (f) During the financial year, the leasehold land and buildings of the Group were revalued by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional qualified valuer.

The fair value of the leasehold land and buildings of approximately RM31,055,000 at level 3 was recommended by the Directors as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square foot basis. Any changes in the price per square foot will result in a reasonable change in the fair value of the right-of-use asset.

- (g) The following table shows the valuation techniques and significant unobservable inputs used in determining the fair value measurement of right-of-use assets as well as the inter-relationship between key unobservable inputs and fair value:

Property category	Valuation techniques used	Significant unobservable inputs
Leasehold land and buildings	Market approach (comparison method)	Location, plot size, improvements made (if any), surrounding developments, facilities and amenities available.

- (h) As at 31 December 2023, had the leasehold land and buildings been carried at historical cost less accumulated depreciation and accumulated impairment losses, the carrying amount would have been RM27,648,399 (2022: RM28,436,838).

## Notes to the Financial Statements

31 December 2023

### 6. INTANGIBLE ASSETS

	Group	
	2023 RM	2022 RM
<b>Cost</b>		
At 1 January/31 December	10,732,993	10,732,993
<b>Accumulated amortisation</b>		
At 1 January/31 December	10,732,993	10,732,993
<b>Carrying amount</b>		
At 31 December	-	-

### 7. INVESTMENT PROPERTIES

	Group	
	2023 RM	2022 RM
<b>Leasehold land and buildings</b>		
<b>Cost</b>		
At 1 January/31 December	44,089,373	44,089,373
<b>Accumulated depreciation</b>		
At 1 January	5,981,326	5,099,537
Charge for the financial year	881,787	881,789
At 31 December	6,863,113	5,981,326
<b>Carrying amount</b>		
At 31 December	37,226,260	38,108,047
<b>Fair value</b>		
At 31 December	38,821,000	40,172,800

## Notes to the Financial Statements

31 December 2023

## 7. INVESTMENT PROPERTIES (CONT'D)

- (a) Investment properties of the Group with carrying amount of RM30,211,628 (2022: RM30,942,266) 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 66 to 94 (2022: 67 to 95) years.
- (c) During the 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.

In previous financial 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 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	
	2023 RM	2022 RM
Rental income	<b>180,664</b>	166,732
Direct operating expenses:		
- Income generating investment properties	<b>19,123</b>	26,284
- Non-income generating investment properties	<b>162,946</b>	134,755

## 8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
<b>Unquoted shares in Malaysia</b>		
Cost	<b>380,977,123</b>	380,977,123
Less: Accumulated impairment losses	<b>(61,977,053)</b>	(61,977,053)
	<b>319,000,070</b>	319,000,070

Movements in the allowance for impairment losses of investments in subsidiaries are as follows:

	Company	
	2023 RM	2022 RM
At 1 January/31 December	<b>61,977,053</b>	61,977,053

## Notes to the Financial Statements

31 December 2023

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
<i>Direct holding:</i>				
MGB Construction Sdn. Bhd. ("MGBC")	Malaysia	100	100	Civil engineering, design and build and general construction activities, provision of management services and investment holding and operation of generation facilities that produce electric energy.
MGB Land Sdn. Bhd. ("MGBL")	Malaysia	100	100	Investment holding.
Vintage Roofing & Construction Sdn. Bhd. ("VRC")*	Malaysia	100	100	Construction activities.
Newsteel Building Systems Sdn. Bhd. ("NBS")*	Malaysia	80	80	Manufacture, supply and installation of steel related building materials.
Vintage Tiles Holdings Sdn. Bhd. ("VTH")*	Malaysia	100	100	Investment holding and trading of roof tiles and related roof products.
MGB Construction & Engineering Sdn. Bhd. ("MGBCE")	Malaysia	100	100	Civil engineering, design and build, general construction activities, trading of construction materials, investment holding, management of property, building, land and estates, architectural, technical and engineering consultancy, sales and marketing and credit administration activities.
Alunan Warta Sdn. Bhd. ("AW")*	Malaysia	51	51	Other service activities.
MGB Water Solution Sdn. Bhd. ("MGBWS")*	Malaysia	70	70	Construction of reservoir and water treatment.
<b>Held by MGBCE</b>				
Prisma Kasturi Sdn. Bhd. ("PKSB")*	Malaysia	100	100	Hospitality.
Top Ace Solutions Sdn. Bhd. ("TA")*	Malaysia	100	100	Trading of building materials and general construction activities.
MGB SANY (M) IBS Sdn. Bhd. ("SANY")	Malaysia	81	81	Manufacturing of Industrialised Building System precast products.
MGB Development Sdn. Bhd. ("MGBD") (Formerly known as MGB Kampar Development Sdn. Bhd.)	Malaysia	-	100	Property development and operation of generation facilities that produce electric energy.
<b>Held by MGBL</b>				
Delta Gallery Sdn. Bhd. ("DGSB")	Malaysia	100	100	Property development and operation of generation facilities that produce electric energy.
Multi Court Developers Sdn. Bhd. ("MCD")	Malaysia	100	100	Property development.

## Notes to the Financial Statements

31 December 2023

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows: (Cont'd)

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2023 %	2022 %	
<b>Held by MGBL (Cont'd)</b>				
Sinaran Kencana Sdn. Bhd. ("SKSB")*	Malaysia	100	100	Property development.
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	Property development and operation of generation facilities that produce electric energy.
Idaman Living Sdn. Bhd. ("ILSB")	Malaysia	100	100	Property development.
Idaman Rawang Sdn. Bhd. ("IRSB")*	Malaysia	100	100	Property development.
Retro Court Sdn. Bhd. ("RCSB")*	Malaysia	100	100	Property development.
MGB Development Sdn. Bhd. ("MGBD") (Formerly known as MGB Kampar Development Sdn. Bhd.)	Malaysia	100	-	Property development and operation of generation facilities that produce electric energy.
<b>Held by MGBC</b>				
MGB International For Industry ("MII")^	Kingdom of Saudi Arabia	100	100	Manufacturing of Industrialised Building System precast concrete products and construction of residential buildings.

\* Subsidiaries are inactive and remain dormant during the financial year.

^ Subsidiary not audited by UHY.

(a) Acquisition of a subsidiary

**2022**

On 25 July 2022, MGBL, a wholly-owned subsidiary of the Company, acquired 1,000,000 ordinary shares representing 100% equity interest in RCSB for a total cash consideration of RM973,000 only. Consequently, RCSB became an indirect wholly-owned subsidiary of the Company.

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

	2022 RM
Administrative and operating expenses, representing total comprehensive loss for the financial year	(4)
Loss for the financial year attributable to owners of the parent	(4)

## Notes to the Financial Statements

31 December 2023

**8. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

- (a) Acquisition of a subsidiary (Cont'd)

**2022 (Cont'd)**Impact of the acquisition on the statements of profit or loss and other comprehensive income

From the date of acquisition, the acquired subsidiary 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

	2022 RM
Trade and other receivables	3,000,320
Cash and bank balances	31,940
Trade and other payables	(2,103,713)
<b>Total identifiable assets and liabilities</b>	<b>928,547</b>

Net cash outflows arising from the acquisition of subsidiary

	2022 RM
Purchase consideration satisfied by cash	973,000
Less: Cash and bank balances acquired	(31,940)
<b>Net cash outflows from the acquisition of a subsidiary</b>	<b>941,060</b>

Goodwill arising from business combination

	2022 RM
Fair value of consideration transferred	973,000
Fair value of identifiable assets acquired and liabilities assumed	(928,547)
<b>Goodwill on consolidation (Note 10)</b>	<b>44,453</b>

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.

- (b) Incorporation of subsidiaries

**2022**

On 14 March 2022, MGBL, a wholly-owned subsidiary of the Company, had subscribed 1 ordinary share, representing 100% of equity interest in IRSB for a total cash consideration of RM1 only. Consequently, IRSB became an indirect wholly-owned subsidiary of the Company.

On 7 November 2022, MGBC, a wholly-owned subsidiary of the Company, had subscribed 12,500 ordinary shares of SAR10 for each share in MII, a Limited Liability Company in Kingdom of Saudi Arabia, for a total cash consideration of SAR125,000, approximately RM145,905 only. Consequently, MII became an indirect wholly-owned subsidiary of the Company.

## Notes to the Financial Statements

31 December 2023

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (c) Disposal of a subsidiary

**2022**

On 3 January 2022, MGBCE, a wholly-owned subsidiary 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 RM750,000 only. Consequently, PCSB has ceased to be an indirect wholly-owned subsidiary 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

	2022 RM
Other receivables	157,488
Cash and bank balances	2,429
Other payables	(9,655)
<b>Total net assets disposed</b>	<b>150,262</b>
Gain on disposal (Note 32)	599,738
Less: Cash and cash balances disposed	(2,429)
<b>Net cash inflows from disposal</b>	<b>747,571</b>

- (d) Internal reorganisation

On 30 March 2023, MGBCE, a wholly-owned subsidiary of the Company, had transferred all the equity interest in MGBD (formerly known as MGB Kampar Development Sdn. Bhd.) to MGBL, a wholly-owned subsidiary of the Company for a total cash consideration of RM750,000 only. Following the internal reorganisation, MGBD became a wholly-owned subsidiary of MGBL.

- (e) The Group's subsidiaries which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.
- (f) There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries 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 subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

## 9. INVESTMENT IN AN ASSOCIATE

	Group	
	2023 RM	2022 RM
<b>Unquoted shares in Malaysia</b>		
Cost		
- unquoted shares in Malaysia	15,000	15,000
- share of post acquisition reserve	418,050	368,279
	<b>433,050</b>	383,279
Share of current year's profit	232,005	229,771
Less: Dividend received	(180,000)	(180,000)
	<b>485,055</b>	433,050



## Notes to the Financial Statements

31 December 2023

## 9. INVESTMENT IN AN ASSOCIATE (CONT'D)

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

	Group	
	2023 RM	2022 RM
At 1 January	-	34,315
Less: Reversal of impairment losses	-	(34,315)
At 31 December	-	-

Details of the associate is as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activity
		2023 %	2022 %	
<b>Associate of MGBCE</b>				
MGB JPC Consultancy Sdn. Bhd. ("JPC")	Malaysia	30	30	Engineering consultancy services

- (a) Disposal of an associate

**2022**

On 23 February 2022, MGBCE, a wholly-owned subsidiary 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 RM45,000 only. Consequently, YLT has ceased to be an associate company of MGBCE.

- (b) The summarised financial information of the associates, not adjusted for the percentage held by the Group is as follows:
- (i) Summarised statement of financial position

	JPC	
	2023 RM	2022 RM
<b>Assets and liabilities</b>		
Non-current assets	135,837	117,136
Current assets	1,864,664	1,677,314
Total assets	2,000,501	1,794,450
Non-current liabilities	(10,292)	(36,846)
Current liabilities	(373,360)	(314,105)
Total net assets	1,616,849	1,443,499

## Notes to the Financial Statements

31 December 2023

## 9. INVESTMENT IN AN ASSOCIATE (CONT'D)

(b) The summarised financial information of the associates, not adjusted for the percentage held by the Group is as follows: (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	JPC	
	2023 RM	2022 RM
Revenue	<b>2,855,678</b>	2,679,565
Profit before tax	<b>964,094</b>	946,650
Taxation	<b>(190,745)</b>	(180,747)
Profit for the financial year	<b>773,349</b>	765,903

## 10. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM	2022 RM
At 1 January	<b>254,739,362</b>	254,694,909
Addition through business combination (Note 8(a))	-	44,453
	<b>254,739,362</b>	254,739,362
Less: Accumulated impairment losses	<b>(44,453)</b>	(44,453)
At 31 December	<b>254,694,909</b>	254,694,909

Goodwill on consolidation arose upon the acquisition of subsidiaries principally engaged in construction and property development activities amounting to RM253,690,384 and RM1,004,525 respectively.

(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 approved financial budgets covering a 3 - 5 years period;
- (ii) The growth rate based on past results and budgets done by management;
- (iii) Pre-tax discount rate of 11.5% (2022: 10.0%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital; and
- (iv) Terminal value based on the fifth-year cash flow without incorporating any growth rate.

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 assessment

In the previous financial year, the Group recognised an impairment loss of RM44,453 in profit or loss as the recoverable amounts were lower than carrying amount of the goodwill.

## Notes to the Financial Statements

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## 11. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
At 1 January	(2,378,896)	(2,048,562)
Recognised in profit or loss		
Provision in current year	(540,642)	(249,234)
Over/(Under) provision in prior years	626,984	(81,100)
Recognised in other comprehensive income:		
Over provision in prior years	478,554	-
At 31 December	(1,814,000)	(2,378,896)

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

	Group	
	2023 RM	2022 RM
Deferred tax assets	1,310,603	854,342
Deferred tax liabilities	(3,124,603)	(3,233,238)
	(1,814,000)	(2,378,896)

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

	Unutilised capital allowances RM	Unused tax losses RM	Retirement benefit obligations RM	Others RM	Total RM
<b>Group</b>					
<b>2023</b>					
<b>Deferred tax assets</b>					
At 1 January	5,784,720	733,337	-	561,008	7,079,065
Recognised in profit or loss	(2,391,534)	508,888	219,159	831,903	(831,584)
(Over)/Under provision in prior years	(2,402,508)	26,938	-	13,651	(2,361,919)
At 31 December (before offsetting)	990,678	1,269,163	219,159	1,406,562	3,885,562
Offsetting					(2,574,959)
At 31 December (after offsetting)					1,310,603
<b>2022</b>					
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

## Notes to the Financial Statements

31 December 2023

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

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

	Accelerated capital allowances RM	Revaluation of assets RM	Intangible assets and others RM	Total RM
<b>Group</b>				
<b>2023</b>				
<b>Deferred tax liabilities</b>				
At 1 January	(8,212,919)	(1,245,042)	-	(9,457,961)
Recognised in profit or loss	290,942	-	-	290,942
Over provision in prior years	2,823,246	644,211	-	3,467,457
At 31 December (before offsetting)	(5,098,731)	(600,831)	-	(5,699,562)
Offsetting				2,574,959
At 31 December (after offsetting)				<u>(3,124,603)</u>
<b>2022</b>				
At 1 January	(6,682,055)	(1,296,430)	(111,836)	(8,090,321)
Recognised in profit or loss	(2,263,887)	51,388	610	(2,211,889)
Over provision in prior years	733,023	-	111,226	844,249
At 31 December (before offsetting)	(8,212,919)	(1,245,042)	-	(9,457,961)
Offsetting				6,224,723
At 31 December (after offsetting)				<u>(3,233,238)</u>

## Notes to the Financial Statements

31 December 2023

### 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
<b>Company</b>	
<b>2023</b>	
<b>Deferred tax assets</b>	
At 1 January	<b>357</b>
Recognised in profit or loss	<b>(357)</b>
At 31 December	-
<b>2022</b>	
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)	-
<b>2023</b>	
<b>Deferred tax liabilities</b>	
At 1 January	<b>(357)</b>
Recognised in profit or loss	<b>357</b>
At 31 December	-
<b>2022</b>	
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)	-

## Notes to the Financial Statements

31 December 2023

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

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unutilised capital allowances	<b>11,303,149</b>	22,584,207	<b>200,974</b>	200,974
Unused tax losses	<b>25,545,104</b>	24,129,525	<b>2,665,557</b>	2,665,557
Others	<b>2,063,596</b>	811,701	-	-
	<b>38,911,849</b>	47,525,433	<b>2,866,531</b>	2,866,531

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.

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.

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 10 consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another 10 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	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Unutilised tax losses to be carried forward until:</b>				
- Year of assessment 2028	<b>8,330,264</b>	10,715,881	<b>2,665,557</b>	2,665,557
- Year of assessment 2029	<b>4,250,707</b>	3,091,156	-	-
- Year of assessment 2030	<b>4,695,916</b>	3,908,084	-	-
- Year of assessment 2031	<b>2,699,911</b>	2,699,911	-	-
- Year of assessment 2032	<b>3,098,944</b>	3,714,493	-	-
- Year of assessment 2033	<b>2,469,362</b>	-	-	-
	<b>25,545,104</b>	24,129,525	<b>2,665,557</b>	2,665,557

## Notes to the Financial Statements

31 December 2023

## 12. INVENTORIES AND CONTRACT COSTS

	Note	Group	
		2023 RM	2022 RM
Property development costs	(a)	125,619,341	76,876,716
Completed properties	(b)	1,210,499	1,991,994
Other inventories	(c)	4,236,914	2,391,088
		<b>131,066,754</b>	<b>81,259,798</b>

(a) Property development costs

	Group	
	2023 RM	2022 RM
<b>Development lands, at cost</b>		
At 1 January	49,398,692	50,651,271
Additions	593,979	228,432
Completed development unit	(2,080,269)	-
Transfer to property development cost	-	(1,481,011)
Transfer to inventories	(63,040)	-
At 31 December	<b>47,849,362</b>	<b>49,398,692</b>
<b>Cumulative property development costs</b>		
At 1 January	47,588,376	10,302,590
Additions	142,098,918	35,804,775
Completed development unit	(10,046,878)	-
Transfer from land cost	-	1,481,011
Transfer to inventories	(306,159)	-
At 31 December	<b>179,334,257</b>	<b>47,588,376</b>
<b>Cumulative cost recognised in profit or loss</b>		
At 1 January	20,110,352	-
Additions	93,581,073	20,110,352
Completed development units	(12,127,147)	-
At 31 December	<b>101,564,278</b>	<b>20,110,352</b>
<b>Carrying amount</b>		
At 31 December	<b>125,619,341</b>	<b>76,876,716</b>

## Notes to the Financial Statements

31 December 2023

## 12. INVENTORIES AND CONTRACT COSTS (CONT'D)

## (a) Property development costs (Cont'd)

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

	Group	
	2023 RM	2022 RM
Sales commissions	<b>23,441,169</b>	857,065
Finance costs	<b>225,426</b>	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.

During the financial year, the sales commissions recognised in profit or loss were amounted to RM3,599,298 (2022: RM1,112,949).

## (b) Completed properties

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
At 1 January	<b>1,991,994</b>	2,581,068
Recognised during the year	<b>(1,150,694)</b>	(589,074)
Transfer from property development cost	<b>369,199</b>	-
At 31 December	<b>1,210,499</b>	1,991,994

## (c) Other inventories

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
Raw materials	<b>3,435,704</b>	1,736,236
Spare parts and consumables	<b>801,210</b>	654,852
	<b>4,236,914</b>	2,391,088
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	<b>31,586,873</b>	15,993,982



## Notes to the Financial Statements

31 December 2023

## 13. CONTRACT ASSETS/(LIABILITIES)

The Group's contract assets and contract liabilities relating to construction activities and property development activities at the end of the reporting period are as follows:

	Note	Group	
		2023 RM	2022 RM
<b>Contract assets</b>			
Construction activities	(a)	<b>28,986,670</b>	26,541,749
Property development activities	(b)	<b>23,459,816</b>	5,879,839
		<b>52,446,486</b>	32,421,588
<b>Contract liabilities</b>			
Construction activities	(a)	<b>(87,402,052)</b>	(39,927,009)
Property development activities	(b)	<b>(268,566)</b>	-
		<b>(87,670,618)</b>	(39,927,009)

## (a) Construction activities

	Group	
	2023 RM	2022 RM
Contract costs incurred to-date	<b>4,331,984,098</b>	3,614,033,007
Attributable profits	<b>569,441,311</b>	467,410,556
	<b>4,901,425,409</b>	4,081,443,563
Less: Progress billings	<b>(4,959,683,627)</b>	(4,094,671,659)
Less: Accumulated impairment losses	<b>(157,164)</b>	(157,164)
	<b>(58,415,382)</b>	(13,385,260)
Presented as:		
Contract assets	<b>28,986,670</b>	26,541,749
Contract liabilities	<b>(87,402,052)</b>	(39,927,009)
	<b>(58,415,382)</b>	(13,385,260)

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

	Group	
	2023 RM	2022 RM
At 1 January/31 December	<b>157,164</b>	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.

## Notes to the Financial Statements

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## 13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

## (b) Property development activities

	Group	
	2023 RM	2022 RM
At 1 January	5,879,839	-
Property development revenue recognised during the financial year	115,591,622	23,808,915
Less: Progress billings	(98,280,211)	(17,929,076)
At 31 December	23,191,250	5,879,839
Presented as:		
Contract assets	23,459,816	5,879,839
Contract liabilities	(268,566)	-
	23,191,250	5,879,839

Contract assets in relation to property development activities represent 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 transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	Group	
	2023 RM	2022 RM
Within 1 year	806,831,313	1,020,840,214
More than 1 year	723,178,016	305,232,249
	1,530,009,329	1,326,072,463

## (d) Set out below is the amount of revenue recognised from:

	Group	
	2023 RM	2022 RM
Amounts included in contract liabilities at the beginning of the year	39,012,594	38,762,934

## Notes to the Financial Statements

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## 14. TRADE RECEIVABLES

	Group	
	2023 RM	2022 RM
<b>Current</b>		
Trade receivables	<b>38,100,313</b>	36,029,214
Retention sum receivables	<b>97,730</b>	824,738
	<b>38,198,043</b>	36,853,952
Less: Accumulated impairment losses	<b>(1,245,461)</b>	(877,793)
	<b>36,952,582</b>	35,976,159
<b>Non-current</b>		
Trade receivables	<b>3,551,651</b>	-
Less: Accumulated impairment losses	<b>(541,391)</b>	-
	<b>3,010,260</b>	-
	<b>39,962,842</b>	35,976,159

The Group's normal trade credit terms are generally from 30 to 180 days (2022: 30 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
<b>Group</b>			
<b>2023</b>			
At 1 January	<b>99,169</b>	<b>778,624</b>	<b>877,793</b>
Charge for the financial year	<b>399,459</b>	<b>964,695</b>	<b>1,364,154</b>
Reversal of impairment losses	-	<b>(420,354)</b>	<b>(420,354)</b>
Written off	-	<b>(34,741)</b>	<b>(34,741)</b>
At 31 December	<b>498,628</b>	<b>1,288,224</b>	<b>1,786,852</b>
<b>2022</b>			
At 1 January	135,906	202,937	338,843
Charge for the financial year	-	715,769	715,769
Reversal of impairment losses	(36,737)	(1,928)	(38,665)
Written off	-	(138,154)	(138,154)
At 31 December	99,169	778,624	877,793

Impairment losses reversed during the financial year amounting to RM420,354 (2022: RM38,665) pertains to previously impaired receivables no longer required during the financial year.

## Notes to the Financial Statements

31 December 2023

## 14. TRADE RECEIVABLES (CONT'D)

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
<b>Group</b>			
<b>2023</b>			
Not past due	3,494,244	-	3,494,244
Past due			
Less than 30 days	27,562,630	-	27,562,630
31 to 60 days	1,371,710	-	1,371,710
61 to 90 days	2,307,495	-	2,307,495
More than 90 days	5,725,391	(498,628)	5,226,763
	<b>36,967,226</b>	<b>(498,628)</b>	<b>36,468,598</b>
<b>Credit impaired</b>			
Individually impaired	1,288,224	(1,288,224)	-
	<b>41,749,694</b>	<b>(1,786,852)</b>	<b>39,962,842</b>
<b>2022</b>			
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
<b>Credit impaired</b>			
Individually impaired	778,624	(778,624)	-
	<b>36,853,952</b>	<b>(877,793)</b>	<b>35,976,159</b>

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

At 31 December 2023, trade receivables of RM36,468,598 (2022: RM18,054,845) were past due. These mainly arose from active customers 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 RM1,288,224 (2022: RM778,624), relate to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

## Notes to the Financial Statements

31 December 2023

## 15. OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables	<b>11,597,075</b>	9,317,672	<b>50,524</b>	50,400
Less: Accumulated impairment losses	<b>(300,678)</b>	(1,146,357)	-	-
	<b>11,296,397</b>	8,171,315	<b>50,524</b>	50,400
Deposits				
- Third parties	<b>13,576,472</b>	11,959,072	<b>40,000</b>	22,000
- Related party	<b>35,200</b>	35,200	-	-
Prepayments	<b>7,816,507</b>	7,631,688	<b>315</b>	1,587
VAT receivables	<b>141,105</b>	-	-	-
GST receivables	<b>334,043</b>	334,043	<b>49,998</b>	49,998
	<b>33,199,724</b>	28,131,318	<b>140,837</b>	123,985

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

	Group	
	2023 RM	2022 RM
At 1 January	<b>1,146,357</b>	1,146,357
Written off	<b>(845,679)</b>	-
At 31 December	<b>300,678</b>	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 of the Group is an amount of RM5,500,000 (2022: RM5,500,000) represents deposits paid for joint development of lands.

## Notes to the Financial Statements

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## 16. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company	
	2023 RM	2022 RM
<b>Amounts due from subsidiaries</b>		
<u>Non-trade related</u>		
Non-interest bearing	<b>12,796,253</b>	20,659,594
Interest bearing	<b>79,024,297</b>	47,251,563
	<b>91,820,550</b>	67,911,157
Less: Accumulated impairment losses	<b>(11,435,716)</b>	(11,844,625)
	<b>80,384,834</b>	56,066,532
<b>Amounts due to subsidiaries</b>		
<u>Non-trade related</u>		
Non-interest bearing	<b>(6,323,105)</b>	(6,392,027)

Movements in the allowance for impairment losses of amounts due from subsidiaries are as follows:

	Company	
	2023 RM	2022 RM
At 1 January	<b>11,844,625</b>	11,844,625
Charge for the financial year	<b>241,664</b>	-
Reversal of impairment losses	<b>(650,573)</b>	-
At 31 December	<b>11,435,716</b>	11,844,625

Amounts due from subsidiaries are unsecured, non-interest bearing advances and repayable on demand except for an amount of RM79,024,297 (2022: RM47,251,563) which bears interest rate ranging from 2.40% to 2.50% (2022: 1.70% to 2.40%) per annum.

Amounts due to subsidiaries are unsecured, non-interest bearing advances and repayable on demand.

## Notes to the Financial Statements

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## 17. AMOUNTS DUE FROM/(TO) RELATED COMPANIES

	Group	
	2023 RM	2022 RM
<b>Amounts due from related companies</b>		
<u>Trade related</u>		
Non-interest bearing	<b>321,734,175</b>	200,236,015
Retention sum receivables	<b>67,920,074</b>	83,536,584
	<b>389,654,249</b>	283,772,599
Less: Accumulated impairment losses	<b>(275,541)</b>	(197,395)
	<b>389,378,708</b>	283,575,204
<b>Amounts due to related companies</b>		
<u>Trade related</u>		
Non-interest bearing	<b>(342,213)</b>	(5,333,794)
<u>Non-trade related</u>		
Non-interest bearing	<b>(934,560)</b>	(228,195)
	<b>(1,276,773)</b>	(5,561,989)

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

	Group	
	2023 RM	2022 RM
At 1 January	<b>197,395</b>	156,733
Charge for the financial year	<b>80,930</b>	40,662
Reversal of impairment losses	<b>(2,784)</b>	-
At 31 December	<b>275,541</b>	197,395

Trade balances due from/(to) related companies are unsecured and non-interest bearing. The normal trade credit terms granted to the Group is 30 days (2022: 30 days) depending on the terms of the contracts.

Non-trade balances due to related companies are unsecured, non-interest bearing and repayable on demand.

During the financial year, impairment losses reversed amounting to RM2,784 (2022: Nil) pertains to impaired receivables no longer required during the financial year.

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## Notes to the Financial Statements

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### 18. AMOUNT DUE FROM/(TO) AN ASSOCIATE

Amount due from/(to) an associate represents unsecured and non-interest bearing trade balances. The normal trade credit terms granted to the Group is 30 days (2022: 30 days) depending on the terms of the contracts.

### 19. FIXED DEPOSITS WITH LICENSED BANKS

The interest rates of fixed deposits of the Group and of the Company are ranging from 1.85% to 3.10% and 2.30% to 2.50% (2022: 1.45% to 2.65% and Nil) per annum respectively and the maturity of deposits is 30 days to 365 days (2022: 30 days to 365 days).

The fixed deposits of the Group and of the Company amounting to RM7,631,918 and RM20,355 (2022: RM6,996,709 and Nil) 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 0.85% to 1.55% (2022: 1.30% to 1.70%) per annum.

Included in cash and bank balances of the Group are RM77,214 (2022: Nil) pledged to licensed banks for banking facilities granted to the Group which were unutilised as at the reporting period.

### 21. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 Units	2022 Units	2023 RM	2022 RM
<b>Issued and fully paid Ordinary shares</b>				
At 1 January/31 December	<b>591,652,605</b>	591,652,605	<b>388,185,706</b>	388,185,706

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 1 vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.



## Notes to the Financial Statements

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## 22. RESERVES

	Note	Group	
		2023 RM	2022 RM
<b>Non-distributable</b>			
Other reserve	(a)	<b>(1,683,809)</b>	(1,683,809)
Foreign currency translation reserve	(b)	<b>(159,838)</b>	-
Asset revaluation reserve	(c)	<b>4,492,781</b>	4,014,227
		<b>2,649,134</b>	2,330,418

## (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) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

## (c) Asset revaluation reserve

The asset revaluation reserve represents 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	
	2023 RM	2022 RM
At 1 January	<b>4,014,227</b>	4,165,024
Realisation of asset revaluation reserve of leasehold land and buildings	-	(150,797)
Other comprehensive income	<b>478,554</b>	-
At 31 December	<b>4,492,781</b>	4,014,227

## Notes to the Financial Statements

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## 23. LOANS AND BORROWINGS

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Secured</b>					
<i>Floating rate</i>					
Bank overdrafts	(a)	<b>9,982,030</b>	12,673,852	-	-
Term loans	(b)	<b>44,523,441</b>	51,077,207	-	-
Trade services	(c)	<b>4,177,944</b>	3,519,387	-	-
Revolving credits	(d)	<b>10,000,000</b>	25,400,000	<b>10,000,000</b>	15,000,000
		<b>68,683,415</b>	92,670,446	<b>10,000,000</b>	15,000,000
<b>Current</b>					
Bank overdrafts	(a)	<b>9,982,030</b>	12,673,852	-	-
Term loans	(b)	<b>5,977,148</b>	6,241,503	-	-
Trade services	(c)	<b>4,177,944</b>	3,519,387	-	-
Revolving credits	(d)	<b>10,000,000</b>	25,400,000	<b>10,000,000</b>	15,000,000
		<b>30,137,122</b>	47,834,742	<b>10,000,000</b>	15,000,000
<b>Non-current</b>					
Term loans	(b)	<b>38,546,293</b>	44,835,704	-	-
		<b>68,683,415</b>	92,670,446	<b>10,000,000</b>	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 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 subsidiaries;
- (v) legal assignment of cash flows or insurance proceeds in relation to project developed by subsidiaries;
- (vi) corporate guaranteed by the Company;
- (vii) corporate guaranteed by holding company, LBS Bina Group Berhad;
- (viii) pledge of fixed deposit together with interest accrued thereon vide Memorandum of Charge of Money Deposits; and
- (ix) deed of assignment of the contract proceeds.

## Notes to the Financial Statements

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**23. LOANS AND BORROWINGS (CONT'D)**

## (c) Trade services

The trade services are secured by the following:

- (i) legal assignment of contract proceeds in relation to projects constructed by a subsidiary;
- (ii) certain fixed deposits as disclosed in Note 19;
- (iii) corporate guaranteed by holding company, LBS Bina Group Berhad;
- (iv) corporate guaranteed by the Company and a subsidiary;
- (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;
- (iii) corporate guaranteed by holding company, LBS Bina Group Berhad;
- (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 into designated escrow account upon due.

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

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Bank overdrafts	<b>6.72</b>	6.40 - 6.47	-	-
Term loans	<b>4.55 - 7.07</b>	6.41 - 6.82	-	-
Trade services	<b>3.59 - 6.79</b>	2.36 - 6.24	-	-
Revolving credits	<b>5.77</b>	4.30 - 5.15	<b>5.77</b>	4.46

**24. LEASE LIABILITIES**

	Group	
	2023 RM	2022 RM
At 1 January	<b>21,262,576</b>	28,855,553
Additions	<b>20,050,160</b>	5,283,298
Interest expense	<b>1,390,330</b>	1,459,852
Lease payments	<b>(17,313,961)</b>	(14,336,127)
Lease termination	<b>(21,720)</b>	-
At 31 December	<b>25,367,385</b>	21,262,576

**Analysed as:**

Repayable within 12 months	<b>12,445,799</b>	12,889,742
Repayable after 12 months	<b>12,921,586</b>	8,372,834
	<b>25,367,385</b>	21,262,576

## Notes to the Financial Statements

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## 24. LEASE LIABILITIES (CONT'D)

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

	Group	
	2023 RM	2022 RM
<b>Minimum lease payments</b>		
Within 1 year	13,599,040	13,759,885
Later than 1 year and not later than 2 years	8,615,573	6,498,182
Later than 2 years and not later than 5 years	4,905,820	2,026,070
Later than 5 years	96,889	202,597
	<b>27,217,322</b>	22,486,734
Less: Future finance charges	<b>(1,849,937)</b>	(1,224,158)
Present value of minimum lease payments	<b>25,367,385</b>	21,262,576
<b>Present value of minimum lease payments</b>		
Within 1 year	12,445,799	12,889,742
Later than 1 year and not later than 2 years	8,070,458	6,249,466
Later than 2 years and not later than 5 years	4,756,234	1,929,116
Later than 5 years	94,894	194,252
	<b>25,367,385</b>	21,262,576

The Group leases various land, buildings, computer, plant, machinery, equipment and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The interest rates per annum at the end of the reporting period for lease liabilities ranging from 2.07% to 6.77% (2022: 2.07% to 6.27%).

## 25. TRADE PAYABLES

	Group	
	2023 RM	2022 RM
Trade payables	240,785,547	148,192,660
Retention sum		
- third parties	81,274,076	68,441,708
	<b>322,059,623</b>	216,634,368

The normal trade credit term granted to the Group is ranging from 30 to 60 (2022: 30 to 60) days depending on the terms of the contracts. Included in trade payables is an amount of RM10,854,022 (2022: RM13,051,410) payable for the acquisition and joint venture of project development land.

## Notes to the Financial Statements

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## 26. OTHER PAYABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Other payables		<b>2,067,438</b>	2,925,713	<b>702,866</b>	511,865
Accruals	(a)	<b>44,150,146</b>	24,126,807	<b>464,425</b>	542,396
Amount due to a shareholder	(b)	<b>3,528,309</b>	3,024,630	-	-
Deposits received		<b>6,116,478</b>	164,700	-	-
		<b>55,862,371</b>	30,241,850	<b>1,167,291</b>	1,054,261

(a) Included in accruals consist of accrued project cost amounting to RM20,816,183 (2022: RM14,808,271).

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

## 27. AMOUNT DUE TO HOLDING COMPANY

Amount due to holding company is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

## 28. RETIREMENT BENEFIT OBLIGATIONS

The unfunded non-contributory scheme is administered by Human Resource Department ("HRD"), with contributions made out of the Company's general revenues as and when eligible employees are entitled. Under the Scheme, eligible employees are entitled to a lump sum, upon normal retirement age, calculated based on variable multiplications of the final salary scheme based on service years.

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

	Group	
	2023 RM	2022 RM
Present value of unfunded retirement benefit obligations	<b>913,158</b>	-

(i) The movements in the retirement benefit obligations were as follows:

	Group	
	2023 RM	2022 RM
<b>Present value of unfunded retirement benefit obligations</b>		
At 1 January	-	-
Current service cost	<b>913,158</b>	-
At 31 December	<b>913,158</b>	-

## Notes to the Financial Statements

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## 28. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ii) Actuarial assumptions used for determination of the retirement benefit obligations are as follows:

	Group	
	2023	2022
Discount rate	4.6%	-
Salary increase rate	5.0%	-
Mortality rate	Malaysian Assured Lives 2011-2015 (M1115)	-
Retirement age	60 years old	-

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity and convert these bond yields rate to estimated spot rates.

(iii) The sensitivity analysis below has been derived based on changes to individual assumptions, with all other assumptions held constant:

	Increase by 1%	Decrease by 1%
<b>At 31 December 2023</b>		
<b>Discount rate</b>		
(Decrease)/Increase in retirement benefit obligations	(66,706)	75,684
<b>Salary increase</b>		
Increase/(Decrease) in retirement benefit obligations	70,548	(63,618)

The sensitivity analysis presented above may not be representative of the actual changes in defined benefit obligation as is unlikely that the change in assumption would occur in isolation to one another as some assumptions may be correlated.

No changes were made to the methods and types of assumptions used in preparing the sensitivity analysis for the current financial year.

## Notes to the Financial Statements

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## 29. REVENUE

	Construction and trading RM	Property development RM	Total RM
<b>Group</b>			
<b>2023</b>			
<b>Revenue from contracts with customers</b>			
Sales of goods	30,117,864	-	30,117,864
Construction contracts	826,118,679	-	826,118,679
Property development	-	115,591,622	115,591,622
<b>Total revenue</b>	<b>856,236,543</b>	<b>115,591,622</b>	<b>971,828,165</b>
<b>Geographical market:</b>			
Malaysia	856,236,543	115,591,622	971,828,165
<b>Timing of revenue recognition</b>			
At a point in time	30,117,864	2,712,500	32,830,364
Over time	826,118,679	112,879,122	938,997,801
	<b>856,236,543</b>	<b>115,591,622</b>	<b>971,828,165</b>
<b>2022</b>			
<b>Revenue from contracts with customers</b>			
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
<b>Total revenue</b>	<b>588,992,299</b>	<b>23,808,915</b>	<b>612,801,214</b>
<b>Geographical market:</b>			
Malaysia	588,992,299	23,808,915	612,801,214
<b>Timing of revenue recognition</b>			
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
	<b>588,992,299</b>	<b>23,808,915</b>	<b>612,801,214</b>
<b>Company</b>			
	<b>2023</b>	<b>2022</b>	
	<b>RM</b>	<b>RM</b>	
<b>Other revenue</b>			
Dividend income	33,500,000	6,000,000	

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## Notes to the Financial Statements

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### 30. COST OF SALES

	Group	
	2023 RM	2022 RM
Sales of goods	<b>29,758,544</b>	31,631,298
Construction contracts	<b>699,506,834</b>	473,263,912
Property development	<b>94,003,245</b>	19,208,601
	<b>823,268,623</b>	524,103,811

### 31. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses on:				
Bank overdrafts	<b>331,566</b>	459,041	-	-
Lease liabilities	<b>1,390,330</b>	1,459,852	-	-
Revolving credits	<b>1,594,331</b>	2,092,251	<b>848,631</b>	722,795
Term loans	<b>2,479,437</b>	1,157,592	-	-
Trade services	<b>289,909</b>	337,791	-	-
Others	<b>6</b>	1,921	-	-
	<b>6,085,579</b>	5,508,448	<b>848,631</b>	722,795



## Notes to the Financial Statements

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**32. PROFIT BEFORE TAX**

Other than those disclosed elsewhere in the financial statements, profit before tax is derived after charging/(crediting):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditors' remuneration				
- statutory audit				
- current year	<b>298,500</b>	271,085	<b>86,000</b>	85,000
- over provision in prior year	-	(2,500)	-	(2,000)
- non-statutory audit	<b>30,500</b>	27,500	<b>23,000</b>	23,000
Bad debts written off	-	37,333	-	-
Depreciation of:				
- property, plant and equipment	<b>7,500,331</b>	6,880,762	<b>24,733</b>	36,646
- right-of-use assets	<b>10,075,674</b>	7,879,884	-	-
- investment properties	<b>881,787</b>	881,789	-	-
Lease expense relating to short-term lease:				
- building	<b>199,000</b>	198,000	-	-
Impairment losses on:				
- trade receivables	<b>1,364,154</b>	715,769	-	-
- amounts due from subsidiaries	-	-	<b>241,664</b>	-
- amounts due from related companies	<b>80,930</b>	40,662	-	-
- goodwill	-	44,453	-	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	<b>(312,136)</b>	1,764	-	-
- right-of-use assets	<b>(164,999)</b>	-	-	-
- an associate	-	41,001	-	-
- a subsidiary	-	(599,738)	-	-
Loss on lease termination	<b>499</b>	-	-	-
Provision for retirement benefit obligations	<b>913,158</b>	-	-	-
Unrealised loss on foreign exchange	<b>70,829</b>	-	-	-
Interest income	<b>(824,197)</b>	(648,136)	<b>(7,295)</b>	(684)
Intercompanies interest income	-	-	<b>(777,929)</b>	(547,971)
Lease income	<b>(321,164)</b>	(279,004)	-	-
Reversal of impairment losses on:				
- trade receivables	<b>(420,354)</b>	(38,665)	-	-
- amounts due from subsidiaries	-	-	<b>(650,573)</b>	-
- amounts due from related companies	<b>(2,784)</b>	-	-	-
- amount due from an associate	-	(34,315)	-	-

## Notes to the Financial Statements

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## 33. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Tax expenses recognised in profit or loss</b>				
Malaysian income tax:				
Current tax provision	<b>19,208,899</b>	11,221,335	<b>176,440</b>	112,713
Over provision in prior years	<b>(377,717)</b>	(151,652)	<b>(17,418)</b>	(116)
	<b>18,831,182</b>	11,069,683	<b>159,022</b>	112,597
Deferred tax:				
Relating to origination and reversal of temporary differences	<b>540,642</b>	249,234	-	-
(Over)/Under provision in prior years	<b>(626,984)</b>	81,100	-	-
	<b>(86,342)</b>	330,334	-	-
Tax expense for the financial year	<b>18,744,840</b>	11,400,017	<b>159,022</b>	112,597

Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	<b>69,206,935</b>	25,611,635	<b>32,202,844</b>	4,780,093
At Malaysian statutory tax rate of 24% (2022: 24%)	<b>16,609,664</b>	6,146,792	<b>7,728,683</b>	1,147,222
Expenses not deductible for tax purposes	<b>6,455,144</b>	3,883,628	<b>643,895</b>	403,519
Income not subject to tax	<b>(1,248,007)</b>	(63,405)	<b>(8,196,138)</b>	(1,440,000)
Movements in deferred tax assets not recognised	<b>(2,067,260)</b>	1,503,554	-	1,972
(Over)/Under provision in prior years				
- income tax	<b>(377,717)</b>	(151,652)	<b>(17,418)</b>	(116)
- deferred tax	<b>(626,984)</b>	81,100	-	-
Tax expense for the financial year	<b>18,744,840</b>	11,400,017	<b>159,022</b>	112,597

## Notes to the Financial Statements

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## 34. EARNINGS PER SHARE

## (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2023 RM	2022 RM
Profit attributable to owners of the parent	<b>48,173,974</b>	15,096,389
	Units	Units
Weighted average number of ordinary shares in issue:		
At 1 January/31 December	<b>591,652,605</b>	591,652,605
Basic earnings per ordinary share (in sen)	<b>8.14</b>	2.55

## (b) Diluted earnings per share

The Group has no dilution in its earnings 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.

## 35. DIVIDENDS

	Group and Company	
	2023 RM	2022 RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Interim dividend paid in respect of the financial year ended:		
- 31 December 2022 (single tier dividend of RM0.00249 per ordinary share)	<b>1,473,177</b>	-
Final dividend paid in respect of the financial year ended:		
- 31 December 2022 (single tier dividend of RM0.00250 per ordinary share)	<b>1,479,120</b>	-
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
	<b>2,952,297</b>	5,413,550

(a) On 19 February 2024, the Company declared an interim dividend of RM0.00815 per ordinary share amounting to RM4,821,952 in respect of the current financial year, paid on 29 March 2024.

(b) A final dividend of RM0.00818 per ordinary share amounting to approximately RM4,839,718 in respect of the current financial year will be proposed for shareholders' approval at the forthcoming 22nd 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 2024.

## Notes to the Financial Statements

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## 36. STAFF COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, wages and other emoluments	<b>37,792,446</b>	28,740,878	<b>143,750</b>	174,900
Defined contribution plans	<b>4,401,350</b>	3,465,829	-	-
Social security contributions	<b>416,298</b>	295,378	-	-
Retirement benefit obligations	<b>913,158</b>	-	-	-
Other benefits	<b>2,005,868</b>	1,590,711	<b>9,633</b>	-
	<b>45,529,120</b>	34,092,796	<b>153,383</b>	174,900

The Group's staff costs do not include the estimated non-monetary value of benefits-in-kind amounting to RM640,446 (2022: RM461,516).

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		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Executive Directors</b>				
Salaries and other emoluments	<b>4,135,525</b>	3,357,383	-	-
Defined contribution plans	<b>581,040</b>	463,180	-	-
Social security contributions	<b>3,803</b>	3,238	-	-
Retirement benefit obligations	<b>658,260</b>	-	-	-
Other benefits	<b>3,000</b>	-	<b>3,000</b>	-
	<b>5,381,628</b>	3,823,801	<b>3,000</b>	-
<b>Non-Executive Directors</b>				
Fees	<b>121,200</b>	145,200	<b>121,200</b>	145,200
Other emoluments	<b>22,550</b>	29,700	<b>22,550</b>	29,700
Other benefits	<b>6,633</b>	-	<b>6,633</b>	-
	<b>150,383</b>	174,900	<b>150,383</b>	174,900
<b>Total</b>	<b>5,532,011</b>	3,998,701	<b>153,383</b>	174,900

The Group's and the Company'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 RM123,364 (2022: RM97,893).

## Notes to the Financial Statements

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**37. 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 flows RM	New lease (Note 24) RM	Other changes RM	At 31 December RM
<b>Group</b>						
<b>2023</b>						
Term loans	23	51,077,207	(6,553,766)	-	-	44,523,441
Lease liabilities	24	21,262,576	(15,923,631)	20,050,160	(21,720)	25,367,385
Other bank borrowings		28,919,387	(14,741,443)	-	-	14,177,944
		<b>101,259,170</b>	<b>(37,218,840)</b>	<b>20,050,160</b>	<b>(21,720)</b>	<b>84,068,770</b>
<b>2022</b>						
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		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
<b>Company</b>						
<b>2023</b>						
Other bank borrowings		15,000,000	(5,000,000)	-	-	10,000,000
<b>2022</b>						
Other bank borrowings		15,000,000	-	-	-	15,000,000

Other changes include unpaid interests and changes due to lease termination.

**38. FINANCIAL GUARANTEES**

	Group	
	2023 RM	2022 RM
<b>Secured</b>		
Bank guarantee issued in favour of the local authorities and developers for the performance of the construction works	13,358,395	2,623,691

## Notes to the Financial Statements

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## 38. FINANCIAL GUARANTEES (CONT'D)

	Company	
	2023 RM	2022 RM
<b>Unsecured</b>		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	<b>78,578,891</b>	85,572,066
Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies	<b>27,000,000</b>	31,000,000
	<b>105,578,891</b>	116,572,066

## 39. COMMITMENT

Capital commitments not provided for in the financial statements are as follows:

	Group	
	2023 RM	2022 RM
<b>Capital expenditure</b>		
Property, plant and equipment	<b>11,695,719</b>	42,839

## 40. RELATED PARTY DISCLOSURES

## (a) Identifying related parties

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

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;
- (ii) Associate as disclosed in Note 9 to the financial statements;
- (iii) Companies in which certain Directors have financial interests; and
- (iv) Key management personnel who are 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 include all the Directors of the Company, and certain members of the senior management of the Group.

## Notes to the Financial Statements

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## 40. 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		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Transaction with holding company</b>				
Dividends paid	<b>(1,731,676)</b>	(3,175,318)	<b>(1,731,676)</b>	(3,175,318)
<b>Transactions with related companies</b>				
Progress billings issued	<b>868,509,850</b>	611,635,382	-	-
Contractor fee paid/payable	-	(54,810)	-	-
Management fee paid/payable	<b>(380,748)</b>	(95,187)	-	-
Rental expenses paid/payable	<b>(199,000)</b>	(198,000)	-	-
<b>Transactions with subsidiaries</b>				
Interest income received/receivable	-	-	<b>777,930</b>	547,971
Dividend income received	-	-	<b>33,500,000</b>	6,000,000
Management fee paid/payable	-	-	<b>(1,515,867)</b>	(1,153,152)
<b>Transaction with an associate</b>				
Dividend income received	<b>180,000</b>	180,000	-	-
<b>Transaction with other related parties</b>				
Dividends paid	<b>(461,394)</b>	(843,846)	<b>(461,394)</b>	(843,846)

## (c) Compensation of key management personnel

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, fees and other emoluments	<b>9,036,516</b>	7,435,505	<b>143,750</b>	174,900
Defined contribution plans	<b>1,169,101</b>	954,681	-	-
Social security contributions	<b>23,092</b>	14,798	-	-
Retirement benefit obligations	<b>913,158</b>	-	-	-
Other benefits	<b>31,481</b>	-	<b>9,633</b>	-
	<b>11,173,348</b>	8,404,984	<b>153,383</b>	174,900

## Notes to the Financial Statements

31 December 2023

## 41. 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
<b>Group</b>				
<b>2023</b>				
<b>Revenue</b>				
Total revenue	1,051,577,449	115,591,622	51,549,773	1,218,718,844
Less: Inter-segment revenue	(195,340,906)	-	(51,549,773)	(246,890,679)
Revenue from external customers	856,236,543	115,591,622	-	971,828,165
<b>Results</b>				
Interest income	501,710	315,192	7,295	824,197
Finance costs	(4,490,555)	(746,394)	(848,630)	(6,085,579)
Depreciation	(17,664,774)	(768,285)	(24,733)	(18,457,792)
Share of profit of an associate	232,005	-	-	232,005
Segment profit/(loss) before tax	52,491,157	18,576,117	(1,860,339)	69,206,935
Taxation				(18,744,840)
Profit for the financial year				50,462,095



## Notes to the Financial Statements

31 December 2023

## 41. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM
<b>Group</b>				
<b>2023</b>				
<b>Other non-cash items</b>				
Impairment losses on:				
- trade receivables	1,364,154	-	-	1,364,154
- amounts due from related companies	80,930	-	-	80,930
Gain on disposal of:				
- property, plant and equipment	(312,136)	-	-	(312,136)
- right-of-use assets	(164,999)	-	-	(164,999)
Loss on lease termination	499	-	-	499
Reversal of impairment losses on:				
- trade receivables	(420,354)	-	-	(420,354)
- amounts due from related companies	(2,784)	-	-	(2,784)
Unrealised loss on foreign exchange	70,829	-	-	70,829
Provision for retirement benefit obligations	913,158	-	-	913,158
<b>Segment assets</b>				
Additions to non-current assets	38,969,136	1,571,044	-	40,540,180
Segment assets	648,455,430	219,361,139	255,211,230	1,123,027,799
<b>2022</b>				
<b>Revenue</b>				
Total revenue	642,700,695	23,808,915	10,733,770	677,243,380
Less: Inter-segment revenue	(53,708,396)	-	(10,733,770)	(64,442,166)
Revenue from external customers	588,992,299	23,808,915	-	612,801,214
<b>Results</b>				
Interest income	249,701	397,750	685	648,136
Finance costs	(4,450,334)	(335,318)	(722,796)	(5,508,448)
Depreciation	(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 for the financial year				14,211,618

## Notes to the Financial Statements

31 December 2023

## 41. SEGMENT INFORMATION (CONT'D)

	Construction and trading RM	Property development RM	Others RM	Total segments RM
<b>Group</b>				
<b>2022</b>				
<b>Other non-cash items</b>				
Bad debts written off	37,333	-	-	37,333
Impairment losses on:				
- trade receivables	715,769	-	-	715,769
- amounts 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	41,001	-	-	41,001
- a subsidiary	(599,738)	-	-	(599,738)
Reversal of impairment losses on:				
- trade receivables	(26,188)	(12,477)	-	(38,665)
- amount due from an associate	(34,315)	-	-	(34,315)
<b>Segment assets</b>				
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

Additions to non-current assets refer to capital expenditure of property, plant and equipment, and right-of-use assets.

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

4 major customers (2022: 4) which are also related companies of the Group contributed more than 10% of the total Group's revenue amounting to RM592,554,450 (2022: RM508,573,987). Revenue from major customers arose from construction segment.

## Notes to the Financial Statements

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## 42. 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	
	2023 RM	2022 RM
<b>Group</b>		
<b>Financial assets</b>		
Trade receivables	39,962,842	35,976,159
Other receivables	33,199,724	20,165,587
Amounts due from related companies	389,378,708	283,575,204
Amount due from an associate	10,845	-
Fixed deposits with licensed banks	7,809,230	7,169,744
Cash held under Housing Development Accounts	17,036,414	21,135,814
Cash and bank balances	27,798,366	25,137,791
	<b>515,196,129</b>	<b>393,160,299</b>
<b>Financial liabilities</b>		
Trade payables	322,059,623	216,634,368
Other payables	55,862,371	30,241,850
Amounts due to related companies	1,276,773	5,561,989
Amount due to holding company	13,226	13,226
Amount due to an associate	-	16,552
Lease liabilities	25,367,385	21,262,576
Loans and borrowings	68,683,415	92,670,446
	<b>473,262,793</b>	<b>366,401,007</b>
<b>Company</b>		
<b>Financial assets</b>		
Other receivables	90,524	72,400
Amounts due from subsidiaries	80,384,834	56,066,532
Fixed deposits with licensed banks	20,355	-
Cash and bank balances	151,946	297,318
	<b>80,647,659</b>	<b>56,436,250</b>
<b>Financial liabilities</b>		
Other payables	1,167,291	1,054,261
Amounts due to subsidiaries	6,323,105	6,392,027
Loans and borrowings	10,000,000	15,000,000
	<b>17,490,396</b>	<b>22,446,288</b>

## Notes to the Financial Statements

31 December 2023

### 42. 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 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, amounts due from related companies and deposits with banks. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to licensed banks for credit facilities granted to subsidiaries. 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 amounts due from related companies and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables, trade nature of amounts 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 subsidiaries where risks of default have been assessed to be low.

The Company provides unsecured advances to subsidiaries. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

(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.

## Notes to the Financial Statements

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## 42. 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:

Group	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
<b>2023</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	322,059,623	-	-	-	322,059,623	322,059,623
Other payables	55,862,371	-	-	-	55,862,371	55,862,371
Amounts due to related companies	1,276,773	-	-	-	1,276,773	1,276,773
Amount due to holding company	13,226	-	-	-	13,226	13,226
Bank overdrafts	9,982,030	-	-	-	9,982,030	9,982,030
Lease liabilities	13,599,040	8,615,573	4,905,820	96,889	27,217,322	25,367,385
Term loans, trade services and revolving credits	33,206,453	13,310,656	20,851,129	8,693,104	76,061,342	58,701,385
	435,999,516	21,926,229	25,756,949	8,789,993	492,472,687	473,262,793
<b>2022</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	216,634,368	-	-	-	216,634,368	216,634,368
Other payables	30,241,850	-	-	-	30,241,850	30,241,850
Amounts due to related companies	5,561,989	-	-	-	5,561,989	5,561,989
Amount due to holding company	13,226	-	-	-	13,226	13,226
Amount due to an associate	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, 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

## Notes to the Financial Statements

31 December 2023

## 42. 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
<b>Company</b>			
<b>2023</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	1,167,291	1,167,291	1,167,291
Amounts due to subsidiaries	6,323,105	6,323,105	6,323,105
Revolving credits	10,000,000	10,000,000	10,000,000
Financial guarantees*	105,578,891	105,578,891	-
	<b>123,069,287</b>	<b>123,069,287</b>	<b>17,490,396</b>
<b>2022</b>			
<b>Non-derivative financial liabilities</b>			
Other payables	1,054,261	1,054,261	1,054,261
Amounts due to subsidiaries	6,392,027	6,392,027	6,392,027
Revolving credits	15,000,000	15,000,000	15,000,000
Financial guarantees*	116,572,066	116,572,066	-
	<b>139,018,354</b>	<b>139,018,354</b>	<b>22,446,288</b>

\* 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 subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At the end of the financial year, there was no indication that the subsidiaries 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) Interest rate risk

Interest rate is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and borrowings with floating interest rate.

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.

## Notes to the Financial Statements

31 December 2023

## 42. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Interest rate risk (Cont'd)

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:

	2023 RM	2022 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
Financial assets		
- Fixed deposit with licensed banks	7,809,230	7,169,744
Financial liabilities		
- Lease liabilities	(25,367,385)	(21,262,576)
	<b>(17,558,155)</b>	<b>(14,092,832)</b>
<b>Floating rate instruments</b>		
Financial liabilities		
- Loans and borrowings	(68,683,415)	(92,670,446)
<b>Company</b>		
<b>Fixed rate instruments</b>		
Financial assets		
- Fixed deposit with licensed banks	20,355	-
<b>Floating rate instruments</b>		
Financial assets		
- Amounts due from subsidiaries (interest bearing)	79,024,297	47,251,563
Financial liabilities		
- Loans and borrowings	(10,000,000)	(15,000,000)
	<b>69,024,297</b>	<b>32,251,563</b>

Sensitivity analysis for fixed deposits at the end of the reporting period is not presented as fixed rate instruments is not affected by changes in interest rates.

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.

At the reporting date, assuming the interest rate increases/decreases by 1% with other variables including tax rate being held constant, the Group's and the Company's profit before tax for the financial year would have been lower/higher by RM686,834 and RM690,243 (2022: RM926,704 and RM322,516) arising as a result of higher/lower interest expense on the floating rate instruments.

## Notes to the Financial Statements

31 December 2023

## 42. 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 receivables and borrowings approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

## 43. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company'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 and the Company's may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitors capital using a gearing ratio. The Group's and the Company'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	
	2023 RM	2022 RM	2023 RM	2022 RM
Bank overdrafts	<b>9,982,030</b>	12,673,852	-	-
Lease liabilities	<b>25,367,385</b>	21,262,576	-	-
Term loans	<b>44,523,441</b>	51,077,207	-	-
Trade services	<b>4,177,944</b>	3,519,387	-	-
Revolving credits	<b>10,000,000</b>	25,400,000	<b>10,000,000</b>	15,000,000
	<b>94,050,800</b>	113,933,022	<b>10,000,000</b>	15,000,000
Less:				
Fixed deposits with licensed banks	<b>(7,809,230)</b>	(7,169,744)	<b>(20,355)</b>	-
Cash held under Housing Development Accounts	<b>(17,036,414)</b>	(21,135,814)	-	-
Cash and bank balances	<b>(27,798,366)</b>	(25,137,791)	<b>(151,946)</b>	(297,318)
Net debt	<b>41,406,790</b>	60,489,673	<b>9,827,699</b>	14,702,682
Total equity	<b>554,514,548</b>	506,686,034	<b>382,299,370</b>	353,207,845
Net gearing ratio	<b>0.07</b>	0.12	<b>0.03</b>	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 2023

**44. COMPARATIVE INFORMATION**

Certain comparative figures in the statements of profit or loss and other comprehensive income of the Company have been reclassified to conform to the current year's presentation:

	As previously reported RM	Reclassifications RM	As restated RM
<b>Company</b>			
<b>2023</b>			
<b>Revenue</b>			
Other revenue			
- Dividend income	-	6,000,000	6,000,000
Other income	7,282,931	(6,000,000)	1,282,931

**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 15 April 2024.

Section

# 05.

# OTHER INFORMATION

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- Proxy Form

MGB  
BERHAD

Annual  
Report  
2023

## List of Major Properties

Held as at 31 December 2023

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	15,781	348,741 sq ft/ 124,399 sq ft	8 March 2002	21
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	4,137	236,739 sq ft/ 97,721 sq ft	4 June 2002	27
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	1,717	221 Sq metre	18 June 2015	13
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	1,167	280 Sq metre	18 April 2011	13
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	1,152	271 Sq metre	24 June 2015	13
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	1,127	271 Sq metre	19 October 2015	13
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	1,124	271 Sq metre	2 August 2012	13
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	948	143.08 Sq metre	27 February 2020	6
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 24/11/2114	948	143.08 Sq metre	27 February 2020	6
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	747	180 Sq metre	20 April 2011	13

## Analysis of Shareholdings

as at 31 March 2024

### 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	4,240	64.14	49,909	0.01
100 - 1,000	902	13.64	427,823	0.07
1,001 - 10,000	925	13.99	4,483,057	0.76
10,001 - 100,000	428	6.47	13,520,169	2.28
100,001 - 29,582,629 (*)	110	1.66	151,568,020	25.62
29,582,630 and above (**)	6	0.10	421,603,627	71.26
<b>Total</b>	<b>6,611</b>	<b>100.00</b>	<b>591,652,605</b>	<b>100.00</b>

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

Name	Direct		Indirect	
	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 <sup>(a)</sup>	58.65
3 Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP	1,191,700	0.20	347,029,329 <sup>(b)</sup>	58.65
4 Datuk Wira Lim Hock Guan, JP	1,520,000	0.26	347,029,329 <sup>(b)</sup>	58.65
5 Datuk Lim Lit Chek	84,574,298	14.29	1,650,800 <sup>(c)</sup>	0.28

#### Directors' Shareholdings based on Register of Directors' Shareholdings

Name	Direct		Indirect	
	No. of Shares Held	Percentage (%) Held	No. of Shares Held	Percentage (%) Held
1 Tan Sri Dato' Sri Ir. (Dr.) Lim Hock San, JP	1,191,700	0.20	347,029,329 <sup>(b)</sup>	58.65
2 Datuk Wira Lim Hock Guan, JP	1,520,000	0.26	347,029,329 <sup>(b)</sup>	58.65
3 Datuk Lim Lit Chek	84,574,298	14.29	1,650,800 <sup>(c)</sup>	0.28
4 Dato' Beh Hang Kong	3,662,085	0.62	-	-
5 Puan Nadhirah binti Abdul Karim	-	-	-	-
6 Puan Noor Fansyurina binti Muhammad	-	-	-	-
7 Puan Nor Salinun binti Mohd Ghazali	-	-	-	-

<sup>(a)</sup> Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad.

<sup>(b)</sup> Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn. Bhd.

<sup>(c)</sup> Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016.

Analysis of Shareholdings  
as at 31 March 2024

## D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	Shares Held	Percentage (%)
1	KENANGA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD	110,000,000	18.59
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	LBS BINA GROUP BERHAD	47,569,329	8.04
6	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (SSA)	44,500,000	7.52
7	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	13,083,200	2.21
8	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI EQUITY GROWTH FUND	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	KENANGA NOMINESS (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MERRY NOEL ROBERT	7,036,300	1.19
12	MAYBANK NOMINESS (TEMPATAN) SDN. BHD. NATIONAL TRUST FUND (IFM KENANGA) (410196)	6,746,500	1.14
13	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	6,510,900	1.10
14	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND	6,330,900	1.07
15	YAYASAN GURU TUN HUSSEIN ONN	5,100,000	0.86
16	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (GROWTH)	5,059,800	0.86
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	4,915,100	0.83
18	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA FAMILY TAKAFUL BERHAD (DANA EKUITI)	3,745,300	0.63
19	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL SMALL CAP OPPORTUNITIES FUND	2,340,300	0.39
20	LIM KIM ENG	2,219,800	0.38
21	KENANGA NOMINEES (TEMPATAN) SDN. BHD. RAKUTEN TRADE SDN. BHD. FOR HOR KOK CHOONG	2,180,000	0.37
22	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO BING NI	2,164,600	0.37
23	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG	2,117,904	0.36

# 05.

Other Information

## Analysis of Shareholdings

as at 31 March 2024

### D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)

No.	Name	Shares Held	Percentage (%)
24	SANJUNGAN CEKAP SDN. BHD.	2,000,000	0.34
25	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	1,862,200	0.31
26	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (BALANCE)	1,840,800	0.31
27	NG SAN SAN	1,650,800	0.28
28	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND	1,647,800	0.28
29	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	1,610,700	0.27
30	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND	1,584,900	0.27
	<b>Total</b>	<b>537,328,631</b>	<b>90.81</b>

## Notice of Twenty-Second Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Second Annual General Meeting (“22nd AGM”) of the Company will be held at Function Room, Level 5, Plaza Seri Setia, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan on Thursday, 13 June 2024 at 10.00 a.m. or at any adjournment thereof for the following purposes:-

### AGENDA

#### AS ORDINARY BUSINESS

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.  | <b>Please refer to the Explanatory Note 1</b>                             |
| 2. | To approve the payment of Directors’ Fees and allowance of RM157,522.88 to the Independent Non-Executive Directors in respect of the financial year ended 31 December 2023.   | <b>Ordinary Resolution 1<br/>(Please refer to the Explanatory Note 2)</b> |
| 3. | To approve the payment of Directors’ Fees and benefits of RM299,128.22 to the Independent Non-Executive Directors in respect of the financial year 2024 until the next annual general meeting of the Company to be held in year 2025. | <b>Ordinary Resolution 2<br/>(Please refer to the Explanatory Note 3)</b> |
| 4. | To declare a final single tier dividend of RM0.00818 per share in respect of the financial year ended 31 December 2023.   | <b>Ordinary Resolution 3<br/>(Please refer to the Explanatory Note 4)</b> |
| 5. | To re-elect the following Directors who are retiring in accordance with Clause 90 of the Company’s Constitution:-   |   |
|    | i) Datuk Wira Lim Hock Guan, <i>JP</i>  | <b>Ordinary Resolution 4<br/>(Please refer to the Explanatory Note 5)</b> |
|    | ii) Nadhirah binti Abdul Karim  | <b>Ordinary Resolution 5<br/>(Please refer to the Explanatory Note 5)</b> |
| 6. | To re-elect the following Directors who are retiring in accordance with Clause 95 of the Company’s Constitution:-   |   |
|    | i) Noor Fansyurina binti Muhammad   | <b>Ordinary Resolution 6<br/>(Please refer to the Explanatory Note 6)</b> |
|    | ii) Nor Salinun binti Mohd Ghazali  | <b>Ordinary Resolution 7<br/>(Please refer to the Explanatory Note 6)</b> |
| 7. | To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 8<br/>(Please refer to the Explanatory Note 7)</b> |

## Notice of Twenty-Second Annual General Meeting

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-

8. **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

**Ordinary Resolution 9  
(Please refer to the  
Explanatory Note 8)**

“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 Clause 13(c) of the Constitution of the Company, approval be and is hereby given for the Company to waive the statutory preemptive 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.”

9. **PROPOSED NEW SHAREHOLDERS’ MANDATE AND RENEWAL OF EXISTING SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

**Ordinary Resolution 10  
(Please refer to the  
Explanatory Note 9)**

“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 30 April 2024 (“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.”



## Notice of Twenty-Second Annual General Meeting

### 10. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

### Ordinary Resolution 11 (Please refer to the Explanatory Note 10)

“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 utilised 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 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.”

11. To transact any other business of which due notice shall have been given in accordance with the Act.

## Notice of Twenty-Second Annual General Meeting

### NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 22nd Annual General Meeting to be held on 13 June 2024, a final single tier dividend of RM0.00818 per share in respect of the financial year ended 31 December 2023 will be paid on 23 July 2024 to Shareholders whose name appear in the Company's Record of Depositors on 28 June 2024.

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 2024 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)**

**KHOOWEI LEE (SSM PC NO. 201908001577) (MAICSA 7063165)**

Company Secretaries

Petaling Jaya, Selangor

Date: 30 April 2024

### Notes:

- (a) *In respect of deposited securities, only members whose names appear in the Record of Depositors as at 4 June 2024 shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.*
- (b) *A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote at the Meeting. A proxy may but need not a member of the Company.*
- (c) *Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
- (d) *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.*
- (e) *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.*
- (f) *The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than Wednesday, 12 June 2024 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 TIH Online at <https://tiah.online>*
- (g) *Only members whose name appears on the Record of Depositors as at 4 June 2024 shall be entitled to participate and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.*
- (h) *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 22nd 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.*

## Notice of Twenty-Second Annual General Meeting

### Explanatory Notes to the Agenda:

#### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2023

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 Independent Non-Executive Directors ("INEDs") for the financial year ended 31 December 2023

The breakdown of the proposed payment of Directors' Fees and meeting allowance to INEDs amounting to RM157,522.88 for the financial year ended 31 December 2023 is set out below:

Financial Year Ended 31 December 2023	RM
Directors' Fees	131,072.88
Meeting Allowance	26,450.00
<b>Total</b>	<b>157,522.88</b>

The payment of the Directors' Fees and allowance in respect of the financial year ended 31 December 2023 will only be made if the proposed Ordinary Resolution 1 has been passed at the 22nd AGM.

INEDs who are members of the company will abstain from voting on this Resolution concerning their own remuneration at the 22nd AGM.

#### 3. Ordinary Resolution 2 – Payment of Directors' Fees and benefits to INEDs for financial year 2024 to the date of next annual general meeting of the Company

Pursuant to Section 230(1) of the Companies Act 2016 stipulates that the fees of Directors and any benefits payable to Directors shall be subject to annual shareholders' approval at a general meeting.

Based on the annual review, the Board had proposed fees and benefits payable to INEDs for financial year 2024 and onwards as follows:

Financial Year 2024 and onwards INEDs	Annual Fixed Fee	
	Chairman	Member
Board of Directors	52,800	40,800
Audit Committee	5,000	2,000
Nomination & Remuneration Committee	3,000	2,000
Risk Management Committee	-	2,000
Sustainability Committee	-	2,000

Shareholders' approval is hereby sought under Resolution 2 on payment of INEDs' Fees and benefits for financial year 2024 until the next AGM of the Company to be held in year 2025. If passed, it will give approval to the Company to pay the INEDs' fees on a monthly basis after AGM for their services on Board and Board Committees.

INEDs who are members of the company will abstain from voting on this Resolution concerning their own remuneration at the 22nd AGM.

#### 4. Ordinary Resolution 3 – Final single tier dividend of RM0.00818 per share in respect of the financial year ended 31 December 2023

Ordinary Resolution 3, if passed, will allow the Company to pay the final single tier dividend of RM0.00818 per share in respect of the financial year ended 31 December 2023 on 23 July 2024 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 Clause 90 of the Company's Constitution

The profiles of the Directors who are standing for re-election at the 22nd AGM are set out in the Board of Directors' Profile on pages 6 and 9 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on page 242 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 122 in the Corporate Governance Overview Statement of the Annual Report.

#### 6. Ordinary Resolution 6 & 7 – Re-election of Directors who are retiring in accordance with Clause 95 of the Company's Constitution

Puan Noor Fanyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali who were appointed as Independent Non-Executive Directors with effect from 18 December 2023 and 15 January 2024 respectively, are standing for re-election as Directors in accordance with Clause 95 of the Constitution of the Company and being eligible, have offered themselves for re-election at the 22nd AGM. The Profiles of Puan Noor Fanyurina binti Muhammad and Puan Nor Salinun binti Mohd Ghazali are set out in the Board of Directors' Profiles section at pages 10 and 11 of the Annual Report.

## Notice of Twenty-Second Annual General Meeting

### 7. Ordinary Resolution 8 – Re-appointment of Auditors

The Board, through the Audit Committee, had conducted an assessment on the suitability, objectivity and independence of Messrs UHY in respect of the financial year ended 31 December 2023. The Board was satisfied with the performance of Messrs UHY and recommended the re-appointment of Messrs UHY as Auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company in accordance with Section 271 of the Companies Act 2016.

### 8. Ordinary Resolution 9 – Authority to Allot and Issue Shares

The Ordinary Resolution proposed under Resolution 9 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 Clause 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.

#### Clause 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 9, 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 Twenty-First Annual General Meeting held on 20 June 2023.

### 9. Ordinary Resolution 10 – Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

Ordinary Resolution 10, 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 30 April 2024.

### 10. Ordinary Resolution 11 – Proposed Renewal of Share Buy-Back Authority ("Proposed Renewal Share Buy-Back Authority")

The Ordinary Resolution 11, 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 Renewal of Share Buy-Back Authority is set out in the Statement to Shareholders dated 30 April 2024.

# Statement Accompanying the Notice of the Twenty-Second 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, 6 & 7) at the 22nd 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 9 as stated in the Notice of 22nd 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 22nd 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 22nd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 22nd 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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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-Second Annual General Meeting ("22nd AGM") of the Company to be held at Function Room, Level 5, Plaza Seri Setia, No. 1, Jalan SS9/2, 47300 Petaling Jaya, Selangor Darul Ehsan on Thursday, 13 June 2024 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 RM157,522.88 to the Non-Executive Directors in respect of the financial year ended 31 December 2023.		
Ordinary Resolution 2	Approval for the payment of Directors' Fees and benefits of RM299,128.22 to the Independent Non-Executive Directors in respect of the financial year 2024 until the next annual general meeting of the Company to be held in year 2025.		
Ordinary Resolution 3	Approval for the payment of a final single-tier dividend of RM0.00818 per share in respect of the financial year ended 31 December 2023.		
Ordinary Resolution 4	Re-election of Datuk Wira Lim Hock Guan, JP, who retires in accordance with Clause 90 of the Company's Constitution, and being eligible, offers himself for re-election.		
Ordinary Resolution 5	Re-election of Nadhirah binti Abdul Karim, who retires in accordance with Clause 90 of the Company's Constitution, and being eligible, offers herself for re-election.		
Ordinary Resolution 6	Re-election of Noor Fansyurina binti Muhammad, who retires in accordance with Clause 95 of the Company's Constitution, and being eligible, offers herself for re-election.		
Ordinary Resolution 7	Re-election of Nor Salinun binti Mohd Ghazali, who retires in accordance with Clause 95 of the Company's Constitution, and being eligible, offers herself for re-election.		
Ordinary Resolution 8	Re-appointment of Messrs UHY as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 9	Allotment and issuance of shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
Ordinary Resolution 10	Proposed New Shareholders' Mandate and Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions.		
Ordinary Resolution 11	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 \_\_\_\_\_, 2024.

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) In respect of deposited securities, only members whose names appear in the Record of Depositors as at 4 June 2024 shall be eligible to attend, speak and vote at the Meeting or appoint proxy(ies) to attend, participate, speak and vote in his stead.
- (b) A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote at the Meeting. A proxy may but need not a member of the Company.
- (c) Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- (d) 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.
- (e) 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.
- \* 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 22nd AGM dated 30 April 2024.
- (f) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than Tuesday, 12 June 2024 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](mailto:is.enquiry@my.tricorglobal.com)
- (ii) By electronic form:-
- (a) To submit Proxy Form electronically via TIH Online at <https://tiih.online>
- (g) Only members whose name appears on the Record of Depositors as at 4 June 2024 shall be entitled to participate and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.
- (h) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 22nd 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.

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**STAMP**

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**

Registration No. 197101000970 (11324-H)

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

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Fold this flap for sealing







**MGB BERHAD**

Registration No. 200201021504 (589167-W)

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