



PROTASCO BERHAD

200101012322 (548078-H)

BUILDING A BETTER FUTURE

ANNUAL REPORT 2022



PROTASCO BERHAD'S CRITICAL SUCCESS FACTORS

- Talent Management

- Culture Transformation

- Business Process Innovation

- Business Sustainability

- Digitalisation



NEW STRATEGIC GOALS

- To obtain healthy financial improvements

- To achieve process and technology efficiencies through digitalisation

- To value add work processes

- To improve customer satisfaction and experience

- To build skilled & high performance talent by optimising the ROCK IT values



CORE VALUES

Result Oriented	Ownership	Customer Focused	Knowledge Driven	Integrity	Teamwork
<ul style="list-style-type: none"> ✓ Stretch - Good to great ✓ Innovate ✓ Commitment 	<ul style="list-style-type: none"> ✓ Accountable for outcomes ✓ Passionate in task execution ✓ Take pride - I Am Protasco 	<ul style="list-style-type: none"> ✓ Wow them ✓ Create value ✓ Respect 	<ul style="list-style-type: none"> ✓ Knowledge sharing ✓ Continual education ✓ Career development 	<ul style="list-style-type: none"> ✓ Do the right thing ✓ Trustworthy ✓ Transparent 	<ul style="list-style-type: none"> ✓ Robust communication ✓ Committed to team decisions ✓ Active participation

DIGITAL VERSION OF ANNUAL REPORT 2022

1



2

Run the QR Code Reader app and point your camera to the QR Code.



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BUILDING A BETTER FUTURE

At Protasco Berhad, we are committed to creating sustainable business opportunities, promoting knowledge and skills for the betterment of the community and the environment.

By committing to our critical success factors, combine with our extensive expertise, we are able to meet the challenges of an ever-changing business landscape.

The gears on the cover symbolise our continuous effort towards our goal of creating a better future.

3

Get access to the soft copy of the Annual Report.

The softcopy version of Protasco Berhad Annual Report 2022 is available on our website

www.protasco.com.my

CROSS REFERENCE



This icon indicates where more details can be accessed elsewhere in this report



This icon indicates where more details can be accessed online.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

**1. Dato' Sri Ir
Chong Ket Pen**
Executive Chairman

**2. Dato' Ir Kenny Chong
Ther Nen**
Group Managing Director

**3. Dato' Sri Su-Azian @
Muzaffar Syah Bin
Abd Rahman**
Executive Director

4. Dato' Tan Yee Boon
Independent
Non-Executive Director

**5. Suhaimi Bin Badrul
Jamil**
Senior Independent
Non-Executive Director

6. Tham Wei Mei
Independent
Non-Executive Director

7. Celine Chan Hooi Li
Independent
Non-Executive Director

COMPANY SECRETARIES

Khor Hooi Ling
MAICSA 7014879
SSM Practicing Certificate No:
202008000854

Seow Fei San
MAICSA 7009732
SSM Practicing Certificate No:
201908002299

REGISTERED OFFICE

802, 8th Floor, Block C
Kelana Square
17, Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7803 1126
Fax : 603 7806 1387

PRINCIPAL OFFICES

Corporate Office
Unipark Suria
Jalan Ikram-Uniten
43000 Kajang
Selangor Darul Ehsan
Malaysia
Tel : 603 8738 3388
Fax : 603 8926 4023

Kuala Lumpur Office

87, Jalan Kampung Pandan
55100 Kuala Lumpur Malaysia
Tel : 603 9286 4050
Fax : 603 9284 5881
Web : www.protasco.com.my
Email : ccd@protasco.com.my

REGISTRAR

Boardroom Share Registrars
Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : 603 7890 4700
Fax : 603 7890 4670

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank (M) Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad
UOB (Malaysia) Berhad

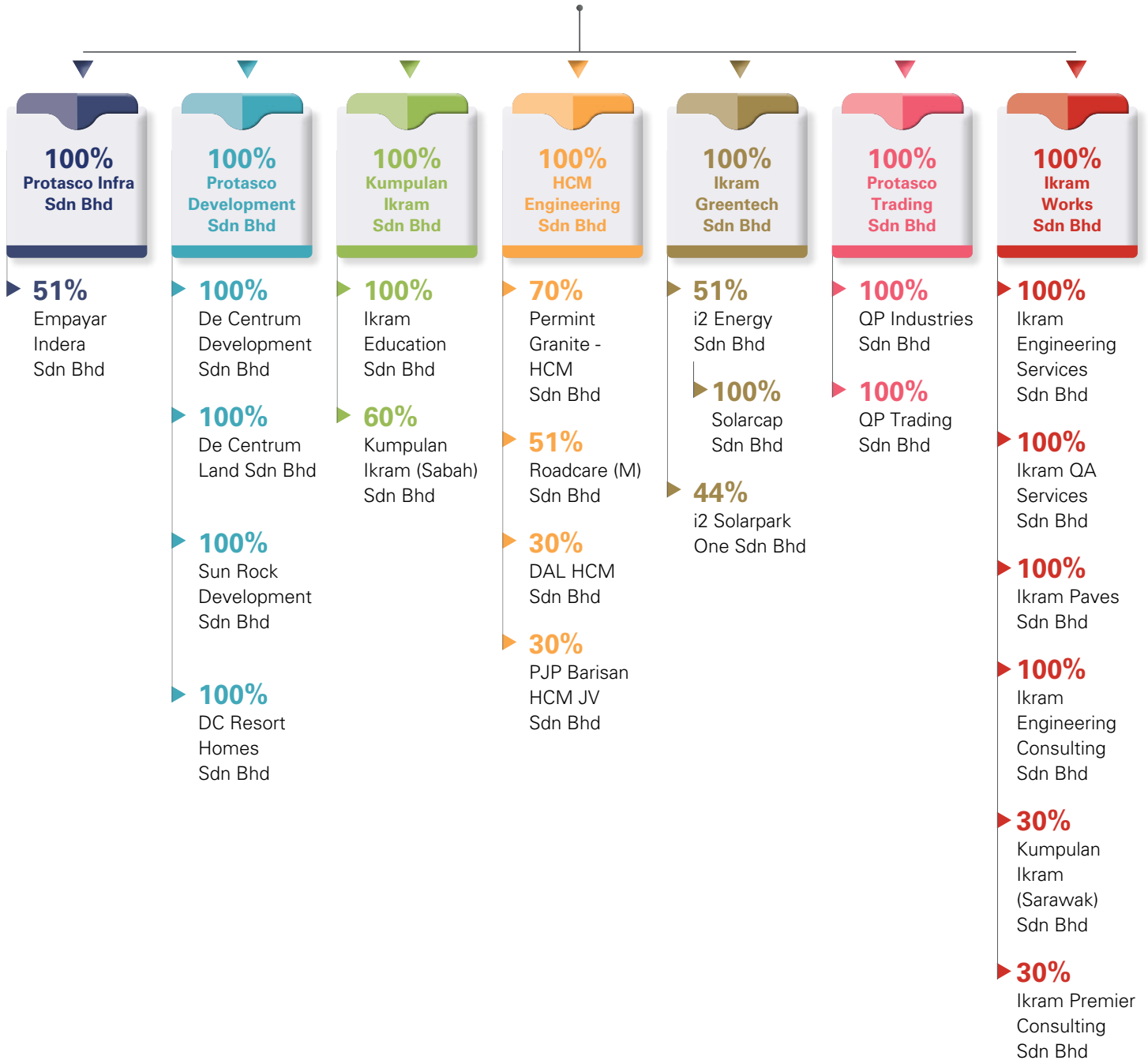
AUDITORS

Crowe Malaysia PLT
201906000005
(LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

STOCK EXCHANGE LISTING

Main Board
Bursa Malaysia Securities Berhad Listed
Since : 8 August 2003
Stock Name : PRTASCO
Stock Code : 5070

CORPORATE STRUCTURE



Note:

This structure depicts main operating subsidiaries and associate companies only.

QUICK FACTS 2022



With a rich history of more than 20 years, Protasco Berhad has established its niche in the areas of road maintenance; property development; engineering and consultancy services; construction; trading & manufacturing of road and construction material; clean energy and more recently, hospitality.

Protasco Berhad provides road maintenance services and solutions to the federal and state governments, and local agencies.

The Group has maintained more than 28,000km of federal, state and rural roads awarded through two federal road maintenance agreements and various long term contracts lasting through to the year 2029.

The Construction Division of Protasco Berhad carries out building and infrastructure works. It has vast experience in the construction, rehabilitation and upgrading of buildings and roads.

Its projects include:

- The overhead motorcycle bridge at Jalan 222, Petaling Jaya
- Park Inn by Radisson Putrajaya Hotel
- PPAM Larai and PPAM Saderi government housing projects in Putrajaya
- Unipark Apartments at De Centrum City
- Infrastructure works for the development of Pulau Indah Industrial Park
- Road connection work at Old Klang Road - New Pantai Expressway
- The Asian Football Confederation (AFC) Annex Building, at Bukit Jalil, Kuala Lumpur

In the past, it had completed various roads and highway construction, and rehabilitation works in various states in Malaysia.



PROPERTY DEVELOPMENT

Property development is a major activity for Protasco Berhad and is helmed by its wholly-owned subsidiary Protasco Development Sdn Bhd.

It is currently developing Jade Hill in Tampin, Negeri Sembilan, a 137-acre development of landed housing; Rimbawan Residency, a 517 unit Condominium project in De Centrum City; and its premier project in De Centrum City, a mixed development on a 100-acre freehold land in South Kuala Lumpur.

Rimbawan Residency condominium has won an award for BEST HARMONIOUS DEVELOPMENT at the Asean Property Awards 2021/2022.



CLEAN ENERGY

Protasco Berhad's Clean Energy Division has world class solar engineering, procurement and construction (EPC) expertise.

Its 9MWdc solar power plant in Masjid Tanah, Melaka operates under the Large Scale Solar 2 (LSS2) scheme and has a Power Purchase Agreement (PPA) with the Tenaga Nasional Berhad for 21 years.

Together with our strategic partners, we are able to provide holistic energy solutions of high value and quality which adhere to international standards.

The diversity of its business and operations enable Protasco Berhad to provide integrated infrastructure solutions to its extensive stakeholders ranging from the federal and state governments to local authorities and city councils; utility companies and the private sectors.

In all our business activities, we encourage the practice of sustainability with full accountability.

Park Inn by Radisson Putrajaya, Protasco's very own hospitality arm offers services and amenities in a contemporary set-up. Since its opening in 2020, the hotel has hosted new and returning guests.

Park Inn by Radisson Putrajaya hotel aspires to provide the best hospitality service to its customers.

It is strategically located near Malaysia's administrative center of Putrajaya and is connected to major highways, making accessibility to Kuala Lumpur City Center very efficient.

Park Inn by Radisson Putrajaya has received:

- The Excellence in 4 Star Hotel & Restaurant Services 2022 Award from the ASEAN Food & Travel Awards 2022;
- A Gold Award for Business Hotel 2022 from the Malaysia Tourism Council; and
- A 4-Star City Hotel certificate from the Ministry of Tourism, Arts and Culture Malaysia.

Since more than two decades ago, Infrastructure University Kuala Lumpur (IUKL) has been providing quality education and professional services in various fields. All programmes offered by IUKL are approved by both the Ministry of Higher Education (MOHE) and Malaysian Qualifications Agency (MQA).

IUKL receives professional recognition from the Board of Engineers Malaysia (BEM), the Board of Architects Malaysia (LAM), the Land Surveyors Board (LJT), the Royal Institution of Surveyors Malaysia (RISM), the Washington Accord, CISCO Certified Network Associate (CCNA), the International Organisation for Standardisation (ISO), the Association of Chartered Certified Accountants (ACCA), CPA Australia, Chartered Institute of Management Accountants (CIMA) and the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP), among others.

IUKL is rated Excellent (Tier 5) in the Malaysian Qualifications Agency (MQA) Rating System SETARA'13 for Teaching & Learning Category.

HOSPITALITY



ENGINEERING & CONSULTANCY SERVICES

Kumpulan Ikram Sdn Bhd spearheads The Engineering & Consultancy Services Division.

The Group offers comprehensive and integrated engineering services in consultancy, laboratories and data collection in Geotechnical, Pavement and Structure, Construction & Project Management Consultancy, Product Certification and Professional & Technical Training (Personnel Certification).

Ikram positions itself as a one-stop integrated engineering solutions provider with the objective to fulfill customer expectations. In keeping up with the current business environment, Ikram upholds dynamism and adaptability to ensure continuous improvements in system and resources.

EDUCATION



TRADING & MANUFACTURING

The Trading & Manufacturing Division specialises in trading and distribution of various products, materials and equipment. This ranges from pavement maintenance products to construction building materials, petroleum-based products, highway safety products and equipment.

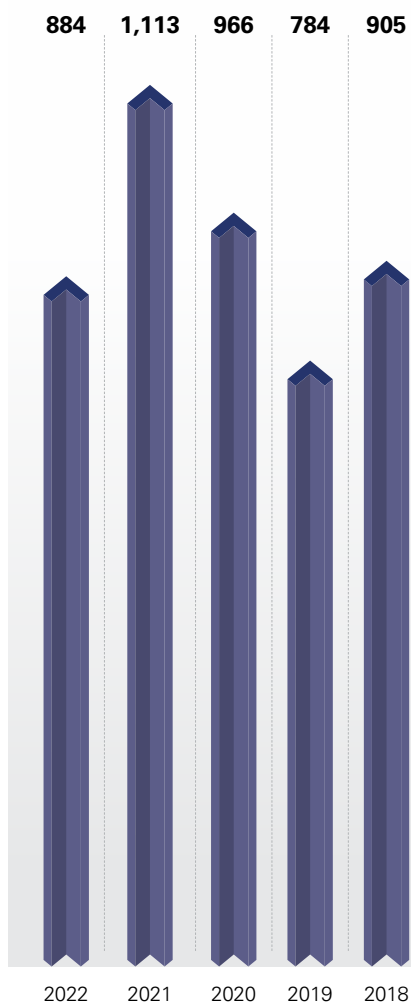
At the forefront of our business is Protasco Trading Sdn Bhd, our subsidiary company that holds manufacturing and distributorship licenses from international brand and product owners. With our expertise in the industry, we are well-equipped to meet the needs of businesses across various sectors.

GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER	2018	2019	2020	2021	2022
Turnover (RM'000)	904,860	783,703	996,181	1,112,846	883,943
Operating Profit/(Loss) (RM'000)	(3,852)	39,637	40,235	62,879	6,636
Profit/(Loss) After Tax & Non-Controlling Interests (RM'000)	(48,107)	6,272	(25,233)	16,697	(29,376)
Earnings/(Loss) Per Share (sen)	(9.72)	1.29	(5.23)	3.47	(6.10)
Total Dividend Per Share (sen)	0.0	1.2	0.0	0.00	0.00
Net Assets Per Share (RM)	0.67	0.68	0.63	0.66	0.60

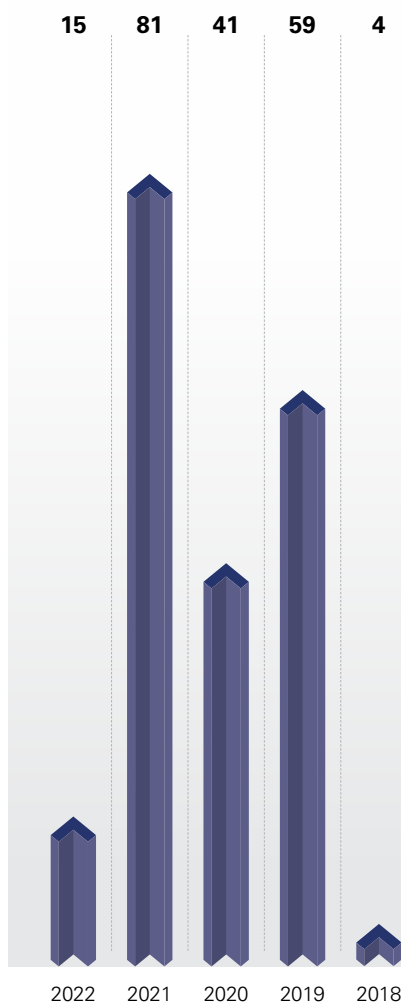
TURNOVER (RM'Million)

RM 884 MILLION



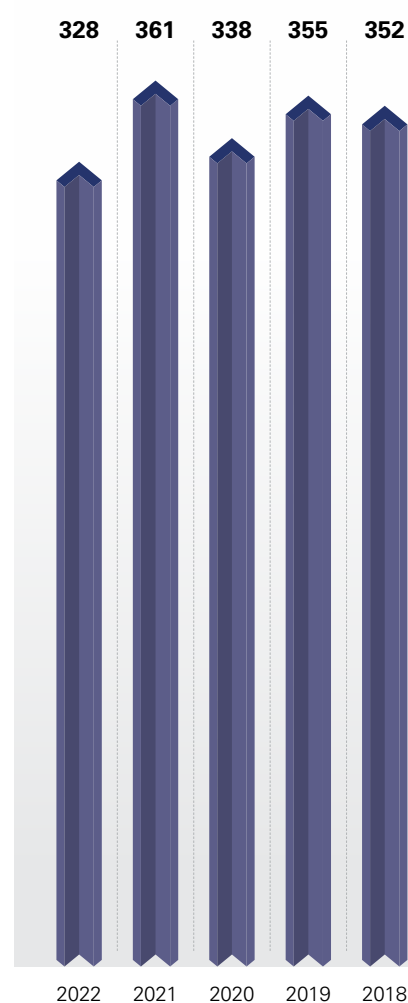
EBITDA (RM'Million)

RM 15 MILLION



SHAREHOLDERS' EQUITY (RM'Million)

RM 328 MILLION



MANAGEMENT DISCUSSION AND ANALYSIS

Dato' Sri Ir Chong Ket Pen

Executive Chairman

This Management Discussion and Analysis ("MDNA") of Protasco Berhad ("PB", "Company", "we", "us" or "our") and its subsidiaries ("Group") provides shareholders an overview and better understanding of the Group's financial and operational performance for the financial year ended 31 December 2022. The information presented in this MDNA should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the related notes thereto. Please take note that 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 foreseeable future.

INTRODUCTION

PB was incorporated on 18 May 2001 and listed on the Main Market of Bursa Malaysia Securities Berhad (then Main Board of KLSE) on 8 August 2003.

The Group's business segments are as follow:



REVENUE
(RM'000)

RM883,943



CASH AND CASH
EQUIVALENTS

**RM156
MILLION**

Please refer to SEGMENTAL PERFORMANCE for the business nature, financial performance, future prospects, and other information of the respective business segments.

MANAGEMENT DISCUSSION AND ANALYSIS

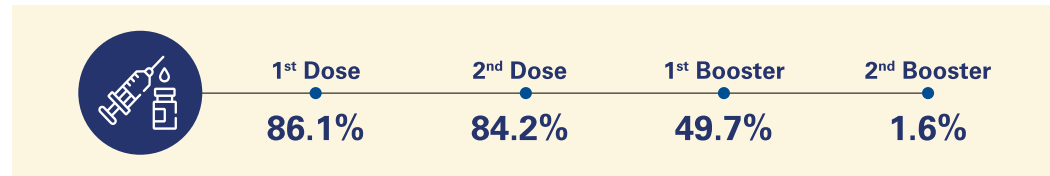
SOCIAL & ECONOMIC REVIEW 2022

SOCIAL

Malaysia entered the “Transition to Endemic” phase of COVID-19 on 1 April 2022, with all restrictions on business operating hours removed and mass prayer activities allowed without physical distancing. The transition to the endemic phase is an exit strategy that would allow Malaysians to return to near-normal life after nearly two years of battling the pandemic.

At the same time, Malaysia reopened its borders as it seeks to revive the country’s economy, especially the tourism industry, which had been hit hard by the COVID-19 pandemic.

Since the commencement of the vaccination program and as of 6 October 2022, Malaysia achieved the following vaccination rates:



With the “Transition to Endemic” phase, reopened borders, high vaccination rates for 1st and 2nd doses, and uplifted COVID-19 restrictions, both social and business activities increased substantially, which led to the rejuvenation of the country’s economic activities and growth.

ECONOMY



The Malaysian economy grew slower in the fourth quarter of 2022 (7.0%; 3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. At 7.0%, the growth was still above the long-term average of 5.1%. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Meanwhile, overall export growth moderated in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic (E&E) products and higher tourism activities. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.6% (3Q 2022: +1.9%). Overall, the Malaysian economy expanded by 8.7% in 2022.

Headline inflation moderated to 3.9% during the fourth quarter (3Q 2022: 4.5%). The moderation was mainly due to the lapse in the base effect on electricity inflation, a key contributor to the higher inflation in the third quarter of 2021. The moderating trend in key global commodity prices partly led to lower inflation in some Consumer Price Index (CPI) items, including fuel. Inflation for some key staple food items, such as fresh meat and eggs, also moderated during the quarter. However, the downward impact of these factors was partly offset by higher core inflation. Core inflation increased to 4.2% (3Q 2022: 3.7%), driven by the continued strength in demand amid a still-elevated cost environment. For 2022 as a whole, headline inflation increased to 3.3% (2021: 2.5%) and core inflation averaged higher at 3.0% (2021: 0.7%).

(Source: BNM – Economic and Financial Developments in Malaysia Q4 2022)



The Unity Government was formed after the 15th General Election, which was held on 19 November 2022. Dato' Seri Anwar Ibrahim, being the Prime Minister and Minister of Finance, has retabled the Malaysian Budget 2023 with the theme "BUILDING MALAYSIA MADANI" on 24 February 2023.

Malaysia Madani was introduced by the Prime Minister as an effort to drive and restore Malaysia's dignity and glory in the global arena. It's the Prime Minister's vision of a civilised, skilled and inclusive society based on six core values namely Sustainability, Prosperity, Innovation, Respect, Trust and Compassion.

The retabled Budget 2023 takes a responsible and balance approach towards the well-being of all Malaysians and supporting and building Malaysian businesses and attracting foreign investments.

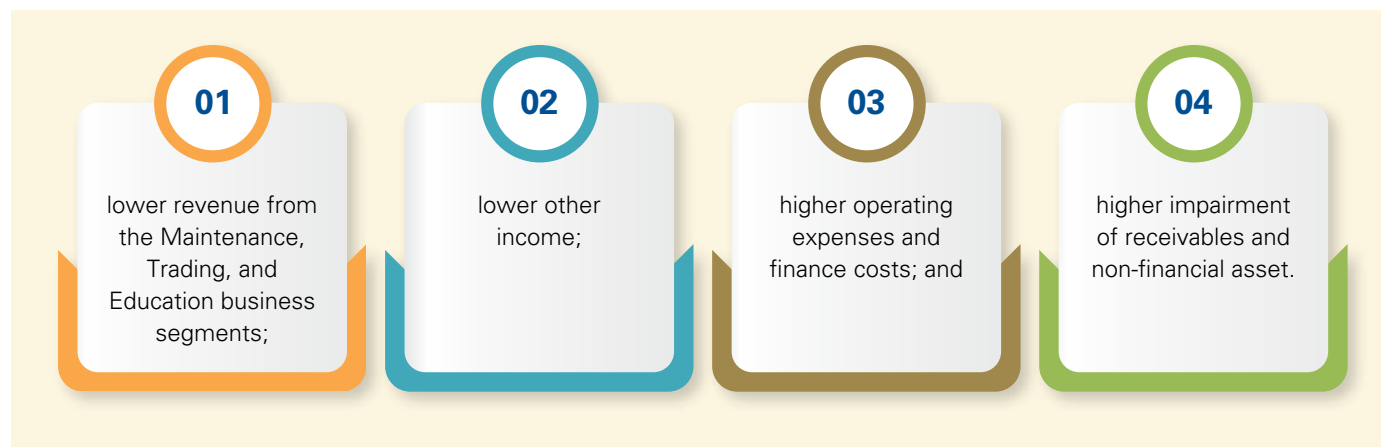
GROUP FINANCIAL PERFORMANCE

	FYE2022 RM'000	FYE2021 RM'000	CHANGES RM'000	%
Revenue	883,943	1,112,846	(228,903)	-20%
(Loss)/Profit after taxation	(24,222)	38,406	(62,628)	-163%
(Loss)/Profit after taxation attributable to:				
Owners of the Company	(29,376)	16,697	(46,073)	-276%
Non-controlling Interests	5,154	21,709	(16,555)	-76%
	(24,222)	38,406	(62,628)	-163%
(Loss)/Earnings per share (sen)	(6.10)	3.47	(9.57)	-276%

For the current financial year ended 31 December 2022 ("FYE2022"), the Group's revenue decreased by RM229 million or 20% as compared to the previous financial year ended 31 December 2021 ("FYE2021"). This was caused mainly by the decrease in revenue from the Maintenance and Trading segments as a result of lower periodic maintenance works performed in the current financial year. The reduction in the student population of the Education segment further impacted the Group's revenue.

Both the Maintenance and Trading segments continued to be the main contributors to the Group's revenue in the current financial year.

The Group posted a reversal of profit after taxation ("PAT") of RM38 million in FYE2021 to a loss after taxation of RM24 million in FYE2022 due to:



MANAGEMENT DISCUSSION AND ANALYSIS

Despite the country's economy having improved in the current year under review, certain business segments of the Group were still facing challenges due to slow recovery from the impact of the pandemic. Consequent to this, and coupled with various factors such as governmental budget, rising construction costs, and interest rate hikes, the Group recorded a reversal of profit after taxation and non-controlling interest of RM16.7 million for the FYE2021 to a loss after taxation and non-controlling interest of RM29.4 million for the FYE2022.

A summary of the Group's 5-year financial performance is presented in the Group Financial Highlights.

 For more details on Group Financial Highlights, refer to page 6.

GROUP FINANCIAL POSITION

	FYE2022 RM'000	FYE2021 RM'000	CHANGES RM'000	%
Non-current Assets	380,749	386,569	(5,820)	-2%
Current Assets	455,514	518,735	(63,221)	-12%
Total Assets	836,263	905,304	(69,041)	-8%
Total Equity	327,854	360,735	(32,881)	-9%
Non-current Liabilities	86,976	100,108	(13,132)	-13%
Current Liabilities	421,433	444,461	(23,028)	-5%
Total Liabilities	508,409	544,569	(36,160)	-7%
Total Equity & Liabilities	836,263	905,304	(69,041)	-8%
Net assets per share (RM)	0.60	0.66	(0.06)	-9%

The total assets of the Group decreased by RM69.0 million, going from RM905.3 million in FYE2021 to RM836.3 million in FYE2022 mainly due to decrease in Trade Receivables.

Total liabilities as at FYE2022 was RM508.4 million compared to RM544.5 million in FYE2021. The decrease of RM36.1 million was mainly due to repayment of bank borrowings.

The Group's net assets per share decreased from 66 sen in FYE2021 to 60 sen in FYE2022 due to the Group's registered loss after taxation, attributable to the owners of the Company totalling RM29.4 million in the current financial year. Consequently, there was a reversal of earnings per share of 3.47 sen in FYE2021 to a loss per share of 6.10 sen in FYE2022.

Our cash and cash equivalent remained healthy at RM156 million as at FYE2022 with a minor decrease of RM7 million as compared to RM163 million in FYE2021, mainly due to repayment of bank borrowings including term loans, servicing of bank interests, and dividends paid to non-controlling interests.

The Group's net gearing ratio for FYE2022 was at 0.001 times as compared to 0.118 times for FYE2021 due to decrease in bank borrowings while the gross gearing ratio decreased marginally from 0.671 times in FYE2021 to 0.635 times in FYE2022.

SEGMENTAL PERFORMANCES



MAINTENANCE

The Group's Maintenance segment is currently being undertaken by the following companies through concessions and long term contracts awarded by the Federal and State Governments:



— CONCESSION – FEDERAL ROAD MAINTENANCE (FRM)

A 10-year FRM concession of 7,263km commencing February 2016 by Roadcare (M) Sdn Bhd

- Group's equity interest is 51%
- Routine maintenance – recurring approximately RM140 million per annum
- Periodic maintenance and emergency works – based on actual work carried out (estimated to be RM130 million – RM150 million per annum)
- Covers the states of Selangor, Pahang, Kelantan and Terengganu

A 10-year FRM concession of 751km commencing September 2018 by DAL HCM Sdn Bhd

- Group's interest is 30%
- Routine maintenance – recurring RM24 million per annum
- Periodic maintenance and emergency works – based on actual work carried out (estimated to be RM10 million – RM20 million per annum)
- Covers federal roads from Kuching to Lawas in Sarawak.

— LONG TERM CONTRACTS (LTC)

A 7-year contract followed by a 5-year contract with an extension of another 2 years for 1,959km, State Road Maintenance in the State of Perak.

- Contract sum: RM126.1 million for 2 years
- Date of commencement: 1 January 2013
- Undertaken by Empayar Indera Sdn Bhd in which the Group's equity interest is 51%
- LTC expires in December 2024

01

— LONG TERM CONTRACTS (LTC) ((Cont'd)

A 2-year contract followed by a 5-year contract with an extension of another 2 years for 13,084km, Agriculture Road Maintenance in the State of Perak.

- Contract sum: RM90.1 million for 2 years
- Date of commencement: 20 February 2017
- Undertaken by Empayar Indera Sdn Bhd in which the Group's equity interest is 51%
- LTC expires in February 2024

02

A 10-year contract of Rural Road Maintenance for the State of Terengganu of approximately 2,500km.

- Contract sum: RM171.8 million for 10 years
- Undertaken by Permint Granite-HCM Sdn Bhd in which the Group's equity interest is 70%
- LTC expires in April 2027

03

A 10-year Performance Based Contract for the Long Term Management and Maintenance of State Roads [Jalanraya Negeri (JRN)] in Sarawak, Package 3 (Mukah Division) awarded by Jabatan Kerja Raya (Public Works Department) of approximately 800km.

- Contract sum: RM24.6 million per year (subject to review every 3 years with a maximum increase of 7.2% per revision)
- Undertaken by PJP Barisan HCM JV Sdn Bhd in which the Group's equity interest is 30%
- LTC expires in December 2029

04

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

The Maintenance segment recorded a decrease in revenue of RM180.1 million or 24% from RM740.1 million in FYE2021 to RM560.0 million in FYE2022. The Maintenance segment revenue represented more than 63% of the Group revenue in FYE2022.

The reduction in revenue for the FYE2022 was due to lower periodic maintenance and emergency works performed and this has resulted in the decrease of profit before taxation ("PBT") from RM60.5 million in FYE2021 to RM28.9 million in FYE2022.

Our 30% associate companies, DAL-HCM Sdn Bhd and PJP Barisan HCM JV Sdn Bhd, contributed a total of RM1.7 million to the PAT of RM20.7 million of the Maintenance segment.

SEGMENTAL RISKS

Our road maintenance activities are dependent on numerous factors including the Government's budget for periodic maintenance, the occurrence of events that require additional emergency maintenance and the success of our bids for new and renewal of contracts and concessions. For detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

During the current financial year, our 70% owned subsidiary, Permint Granite-HCM Sdn Bhd has entered into a supplementary

agreement with the State Government of Terengganu ("Government") to supplement the principal agreement between the parties in 2017.

Under the principal agreement, the Government awarded Permint Granite-HCM Sdn Bhd a 5-year contract to maintain minor roads in the state of Terengganu, at a total contract sum of RM49.9 million ("the Works"), which expired in April 2022.

Whilst Permint Granite – HCM Sdn Bhd is proceeding with the Works under the Agreement, the parties have agreed to effect mainly the following matters through amendment to the principal agreement under the Supplementary Agreement:

- The addition of emergency works for minor road in Facilities and Maintenance Services;
- The contract period is extended from 5 years to 10 years which will expire in 2027; and
- The contract sum is revised from RM49.9 million to RM171.8 million.

The revised contract sum and extended contract period for the Works is expected to contribute positively towards the Group's financial results for the tenure of the extended contract period.

Our Maintenance segment is expected to continue as the primary revenue contributor to the Group in the financial year 2023 ("FY2023"). The Group is actively pursuing other opportunities to improve the Maintenance segment's financial results.





CONSTRUCTION

The Construction segment refers to activities of project management and sub-contracting of residential or commercial properties, infrastructure works, etc based on contracts entered into with clients.



During the current financial year, we entered into a Memorandum of Agreement with K.I. Engineering Sdn Bhd ("Agreement") to regulate the relationship with each other and to set out respective rights, duties and obligation in order to execute a contract to upgrade 9 federal road from Section 23.10 until Section 35.70 in Kulim, Kedah Darul Aman for a contract value of RM299.2 million ("the Project").

Under the Agreement, HCM shall share 70% of the profit from the Project and shall act as the implementer to undertake the overall construction and financing of the Project until its completion by 27 January 2026.

The Project is expected to contribute positively towards the Group's financial results for the contractual period.

REVIEW OF OPERATIONS

Revenue for the Construction segment increased from RM9.2 million in FYE2021 to RM13.4 million in FYE2022 due to the commencement of the upgrading roadwork project in Kulim, Kedah.

Despite the increase in revenue, the Construction segment posted a reversal from a PBT of RM7.4 million in FYE2021 to a loss before taxation of RM5.1 million in FYE2022 due to an increase in operating expenses, finance cost, and lower other income.

SEGMENTAL RISKS

Our construction activities depend on the ability to replenish the order book and the general economic climate of the country. Other factors that may affect the profit contribution of our Construction segment include the cost of raw materials, labour and other related expenses. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

The Construction segment will actively continue to pursue opportunities both locally and abroad to replenish its order book.

The construction sector remains challenging and competitive due to fewer infrastructure jobs and contracts with lower values. The process of awarding public infrastructure and housing projects has been slow. Other issues affecting the construction sector include worker shortages and rising material costs, as well as the challenges in price variation, contract mediation and project delays.

Nevertheless, we are cognisant of the need to replenish our order book and will continue to bid for lucrative projects.

We will emphasise on managing project costs, increasing efficiency and timely delivery to achieve better profit margins in each and every project that we secure.



MANAGEMENT DISCUSSION AND ANALYSIS



PROPERTY

The Property Development segment refers to the full spectrum of development activities from land acquisition to handover of completed property units to buyers.



01 Property market activity continued to record growth in 2022

More than 389,000 transactions worth RM179.07 billion were recorded, showing an increase of 29.5% in volume and 23.6% in value compared to last year.

Residential sub-sector led the overall property market activity, with 62.5% contribution in volume. There were 243,190 transactions worth RM94.28 billion recorded in the review period, an increase of 22.3% in volume and 22.6% in value year-on-year.

02 More new launches but market remained cautious

More than 54,000 units of new launches were recorded. The total was higher than 43,860 units recorded in 2021 but lower compared to pre-pandemic years. Sales performance was moderate at 36.0%.

Condominium/apartment units dominated the new launches, capturing 45.0% (24,366 units) of the total, followed by terraced houses (42.2%) comprising single storey (9,422 units) and two to three storey (13,403 units).

03 Residential and service apartment overhang situation improved

The residential overhang numbers reduced to 27,746 units worth RM18.41 billion as at Q4 2022, down by 24.7% and 19.2% in volume and value respectively (Q4 2021: 36,863 worth RM22.79 billion).

On the same note, serviced apartments saw a marginal reduction of 1.3% in both volume and value to record at 23,978 overhang units worth RM20.19 billion.

04 House prices continued its low pace growth

The Malaysian House Price Index (MHPI) stood at 208.4 points in 2022 with a low annual growth of 2.8%. Terraced House Price Index managed to sustain growth at 3.7%, followed by High-Rise Price Index (3.4%) and Semi-Detached Price Index (2.9%). However, Detached House Price Index recorded a slight decline of 2.9%.



The residential property market has shown signs of positive growth in spite of continued challenges such as rising construction costs, inflation, interest rate hikes, and disruptions to domestic and international supply chain in FYE2022.

In light of this property development operating environment, we have refined our business strategy to cater for the demand and acceptance of the market.

During the current financial year, we launched the JADE Hill project in Tampin, Negeri Sembilan. The development project comprised of 74 units of single storey terrace Type A and 21 units of single story terrace Type B Rumah Mampu Milik under Phase 1A. We had a take up rate of 63% todate.

To remain competitive, new property projects are now being aligned to the demand for affordable homes, which is still strong. We will adopt a cautious and resilient approach to the changing landscape of the property market.

The Property Development segment will concentrate its efforts in prudent management of construction and operating costs, positive operating net cash flows, innovative marketing campaigns and digital platforms to maximise profits. At the same time, we provide high quality product at affordable prices and excellent customer service to attract house buyers.

For Property Investment, the momentum of recovery in FYE2022 from the negative impact of COVID-19 and MCOs was rather slow despite the progressive return of students to the campus. This had affected the financial performances of our De Centrum Mall and student accommodation.

REVIEW OF OPERATIONS

Revenue was RM13.6 million in FYE2022 as compared to RM3.4 million in FYE2021 due to the development progress of the ongoing JADE Hill project, sale of one (1) unit of shophot in Sentrio Pasir Gudang, and better rental income from property investments.

Despite the increase in revenue, the loss before taxation increased from RM8.4 million in FYE2021 to RM8.7 million in FYE2022 mainly due to increase in operating, administrative, and finance costs.

SEGMENTAL RISKS

The performance of our Property Development segment is dependent on consumer demand for new units. Factors such as economic conditions and lending policies will have a direct impact on consumer appetite for property investment. Our property activities are also affected by general risk factors. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

01 Property market expected to be cautiously optimistic

The property market performance is expected to grow in line with the moderately lower economic growth projected for 2023, given the unpredictable external environment. Notwithstanding this, the accommodative policies, continuous government support, well execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under RMK-12 are expected to remain supportive of the property sector.

(Source: Press Release Property Market 2022 - NAPIC)

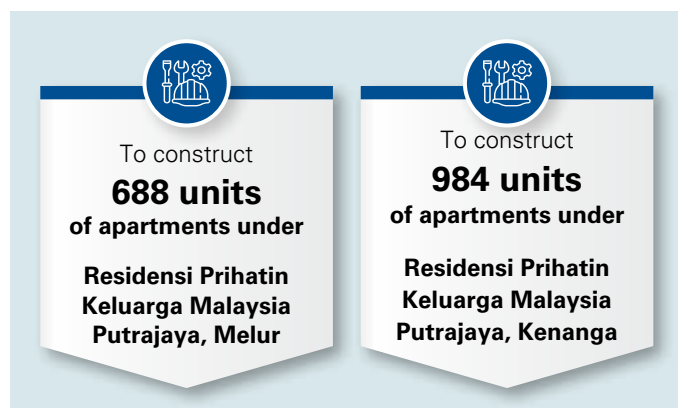
MANAGEMENT DISCUSSION AND ANALYSIS

The Malaysian property market is expected to resume the rebound trend, stable, and realign to the path of gradual recovery, supported by major infrastructure developments, and various incentives and financial-aid schemes for first-time homebuyers.

However, concerns about overhang numbers remained as new units including affordably priced units came into the market.

During the current financial year, our wholly owned subsidiary, Protasco Development Sdn Bhd ("PDSB") received a letter of award from Perbadanan Putrajaya for the appointment of PDSB as a developer for Residensi Prihatin Keluarga Malaysia (RPKM).

Under the new scheme of RPKM, PDSB will develop the following projects:



In view of the escalating construction costs, we are in the process of negotiating with Perbadanan Putrajaya on the ratio mix of development whereby PDSB is able to balance the pricing for the respective housing schemes.

Our Property Development segment is also planning to roll out another mixed development project in De Centrum City in FY2023.

For Property Investment, we are in the midst of refreshing the right-sizing, tenants mix, and repositioning of the De Centrum Mall to cater for better retail offering and increasing footfall, taking into consideration the location and demographic profile of the catchment area. We are also exploring the possibility of introducing special theme health and wellness-related activities in the Mall.

We expect improvements in terms of outstation and international student enrolment resulting from the various countermeasures taken by the Education segment to boost student population in FY2023.

Both the De Centrum Mall and student accommodation are expected to benefit from the likely increase in the number of outstation and international students which require local rental and shopping for basic needs and leisure.





ENGINEERING & CONSULTANCY SERVICES

Our Engineering and Consultancy services segment provides engineering solutions in the areas of geotechnical, pavement, structural, and forensic engineering, as well as consultancy services in the areas of material certification and technical training.



Our agreement with Dewan Bandaraya Kuala Lumpur (DBKL) was extended for another two years, expiring in May 2024. We provide engineering services and capacity building to DBKL, with an average annual turnover of RM5 million, subject to actual consumption by DBKL.

The provision of engineering and capacity building services to Tenaga Nasional Berhad is now on a project-by-project basis.

REVIEW OF OPERATIONS

Revenue increased by 87% from RM28.6 million to RM53.6 million due to higher construction works, pavement, structural works and training services.

Consequently, with the increase in revenue and decrease in administrative expenses which are offset by impairment of receivables, the loss before taxation increased from RM6.8 million to RM8.4 million.

SEGMENTAL RISKS

Demand for our Engineering and Consultancy services are dependent on the overall economic environment as a slowing economy would affect any capital expansion and thus our services. We may be exposed to potential liability claims on our negligence to properly manage and safeguard our clients' assets and interests. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

Our Engineering and Consultancy segment operates mainly within the engineering and project management services in the country. Growth within the engineering and project management services market is likely to be derived from:

- government-led initiatives and spending;
- sustained economic growth to support spending and investment in properties;
- increasing participation by professionals into the provision of engineering and project management services; and
- strategic need for engineering and project management services.

Thus, we are enhancing & re-branding our "IKRAM Brand" as the "Total Integrated Engineering Solutions Provider" specialising in Geotechnical & Geo Environmental Engineering, Pavement, Highway & Transportation Engineering, Structural & Material Engineering, Product & Personal Certification, and Technical Training.

We will continue to work with other highway concessioners to expand our pavement condition assessment and evaluation works.

We expect our Engineering & Consultancy segment to perform better in FY2023 as more construction and engineering contracts are expected to be rolled out. This business segment will increase its efforts not only to sustain the existing business but also to secure new Long Term Service Agreement and consider various business options in line with the economic conditions of the country.

MANAGEMENT DISCUSSION AND ANALYSIS



TRADING & MANUFACTURING

The Trading segment refers to activities of buying and selling of construction materials, equipment and other resources for project use.



Our trading and manufacturing segment complements and supports our Maintenance, Construction and Property Development segments by sourcing and supplying raw materials, equipment and other required resources to the sub-contractors of these segments.

REVIEW OF OPERATIONS

Revenue decreased by 27% (RM84.1 million) from RM309.1 million to RM225.0 million due to lower periodic works undertaken by the Maintenance segment, whereby this segment is the main supplier to the sub-contractors for bitumen and quarry materials.

Consequently, and coupled with lower other income and higher administrative expenses, the current financial year PBT decreased by RM2.5 million or 73% from RM3.4 million to RM0.9 million.

SEGMENTAL RISKS

Demand for our products is linked to the amount of construction activity by our business partners. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

Since the Trading and Manufacturing segment is to support our other segments, the prospect of this segment will depend on the Maintenance segment's ability to secure more periodic works as well as the Construction segment carrying out more construction activities.



EDUCATION

The Education segment refers to the business activity of provision of tertiary education and related services.



Our education segment is undertaken under the brand Infrastructure University Kuala Lumpur (IUKL).

Being in the education industry for more than 20 years, IUKL has been providing quality education and excellent professional services in various fields. IUKL is among one of the top ranking universities and the only Infrastructure University in Malaysia and we would like to champion ourselves in the area of Infrastructure.

REVIEW OF OPERATIONS

Revenue decreased by RM6.7 million or 22% from RM30.9 million to RM24.2 million due to a significant drop in student population.

Consequently, and coupled with higher discount allowed, operating expenses and finance cost, the loss before taxation increased from RM5.7 million to RM15.7 million.

IUKL recorded lower revenue and profit margin in the current financial year mainly due to:

- (i) Aggressive pricing strategies of market participants;
- (ii) Increasing agent fees to attract enrolment;
- (iii) Lower local enrolment due to high school graduates opting to work post-pandemic and
- (iv) Impairment of non-financial asset.

SEGMENTAL RISKS

The education segment is exposed to competitive risk from other private tertiary institution and other risks in the form of government policies which may be introduced and imposed on tertiary education.

The success of an education institution is dependent on its reputation as well as the ability to attract students, both local

and international. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

We expect the market size for the private tertiary education to reduce due to high number of SPM school leavers not pursuing further studies at the moment. On the other hand, the number of private higher education institutions had shrunk approximately 9% since 2021.

FY2023 remains competitive for the education industry and IUKL will look at various business strategies including strategic partnerships, enhanced marketing and recruitment strategies, various marketing programmes, and further costs optimisation to overcome the existing challenges and obstacles.



CLEAN ENERGY

We have completed the construction of the large scale solar ("LSS") photovoltaic plant of 6.8 MW at Masjid Tanah, Melaka in Quarter 1, FYE2021 and commenced billings for the power generation and supply of energy to TNB as per the 21-year Power Purchase Agreement signed in April 2018.



Our dedicated Operations team manages the solar plant efficiently which led to the achievement of near full capacity in power generation in the FYE2022.

The Clean Energy segment will continue to participate in the subsequent roll out of the LSS as announced by the Government. We will continue to explore opportunities to participate in more government or private projects, either through direct participation or as Engineering, Procurement, and Construction ("EPC") contractor.

REVIEW OF OPERATIONS

Revenue increased by 8% (RM0.6 million) from RM7.8 million to RM8.4 million due to higher recognition of energy supply to TNB (Solar Photovoltaic), and increase in solar panel installation works.

Despite the increase in revenue, this segment posted a reversal from a PBT of RM0.3 million to a loss before taxation of RM1.0 million due to an increase in operating and administrative expenses.

SEGMENTAL RISKS

The change in government policies and incentives directly affect the business of Clean Energy. Meanwhile, the pandemic and local infectious disease also disrupt the business operations.

The success of our business segment relies on controls and mitigation strategies to overcome numerous risks such as liquidity, operational, environmental, compliances and internal management. For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

MOVING FORWARD

We expect steady revenue and cash flow streams from the billings of power generation and supply of energy to TNB on a monthly basis.

This will improve the financial performance of the Clean Energy segment in FY2023. We will continue to participate in the LSS tenders, secure more EPC contracts for the installation of solar panels and other related services, rooftop solar system and participate in Virtual Power Purchase Agreement tenders where Corporate Consumers can hedge their electricity prices.



HOTEL & HOSPITALITY

The hotel industry, being the hardest hit during the pandemic period, is expected to require a longer recovery period.



Despite facing difficulties with labour and having a high staff turnover, our Park Inn by Radisson Putrajaya ("PIRP") continued to provide excellent service to all our guests and patrons.

REVIEW OF OPERATIONS

Revenue achieved was RM10.6 million as compared to RM9.4 million due to higher food and beverage income in the current financial year.

Despite the increase in revenue, this segment posted a reversal from a PBT of RM1.1 million to a loss before tax of RM0.1 million due to higher administrative expenses and finance costs.

SEGMENTAL RISKS

Pandemic, spread of local infectious diseases, competition from AirBNB, changing customer demand, technological change, and cybersecurity are some of the risks that are applicable to the hotel industry.

Control procedures are put in place to mitigate such risks and regular monitoring is performed to ensure the control procedures are applicable, relevant, and effective.

For more detailed information about the risks that we face, please turn to our Statement on Risk Management and Internal Control on page 85 of this report.

MOVING FORWARD

PIRP will enhance its marketing and promotional activities through various platforms to attract varied guests increase occupancy rates while providing value-for-money services to strengthen its average daily rental rates.

The hotel industry is very competitive and requires customer demands and continuously providing courteous services and sumptuous food.

For FY2023, the lifting of travel restrictions by China will encourage more Chinese tourists to visit Malaysia. We expect the hotel industry to benefit from this and boost its business performance.



RISK MANAGEMENT

Risk management is integral part of achieving the Group's business sustainability. Key risks for the Group and the Group's risk management approach including controls and mitigating factors are provided in more detail in the Statement of Risk Management and Internal Control on pages 85 to 91 of this Annual Report.

The Board approved the Policy & Procedures on Integrity & Anti-Corruption which provides the following commitments:

- To conduct all our business in an honest and ethical manner by implementing and enforcing systems that ensure bribery and corruption are prevented;
- Zero tolerance towards bribery and corruption; and
- Behaving professionally, fairly, and with integrity in all business dealings and relationships wherever the Group operates.

We are committed and will continue to uphold the highest standards of corporate governance and belief that integrity is a cornerstone for the delivery of sustainable value to all stakeholders.

DIVIDEND

We do not have an explicit dividend policy and no dividend has been declared for the FYE2022.



- Malaysia's economy is expected to grow between 4 and 5% in 2023 versus 8.7% in 2022, as it will continue to face challenges, particularly slower global growth that is expected to weigh on exports.
- The construction sector is expected to grow 6.3% in 2023, followed by the services sector (up 5%), manufacturing (4%), mining and quarrying (2%) and agriculture (0.7%).
- Malaysia's headline and core inflation are projected to average between 2.8 and 3.8% in 2023.
- Private consumption is projected to grow at a moderate pace of 6.1% in 2023 against 11.3% in 2022, while investment is to grow 5.8% in 2023 versus 7.2% previously.
- Public consumption is expected to grow at a slower pace at 1.3% in 2023 against 3.9% in 2022, while investment is projected to grow 7% in 2023 from 5.3% last year.
- In 2023, the unemployment rate is expected to improve to 3.5%, with more broad-based expansion in income.
- Gross exports are projected to expand modestly at 1.5% in 2023 from 25% in 2022, while gross imports are expected to slow down to 1.1% in 2023 from 31.3% in 2022.
- Further recovery in inbound tourism and moderation in import growth will continue to provide support to net export growth.
- The resilient domestic banking system and the presence of domestic institutional investors continue to support financial intermediation activities to support economic growth.
- Monetary policy will remain supportive of sustainable economic growth while ensuring an environment of price stability.

(Source: BNM – Annual Report 2022; Economic & Monetary Review 2022)

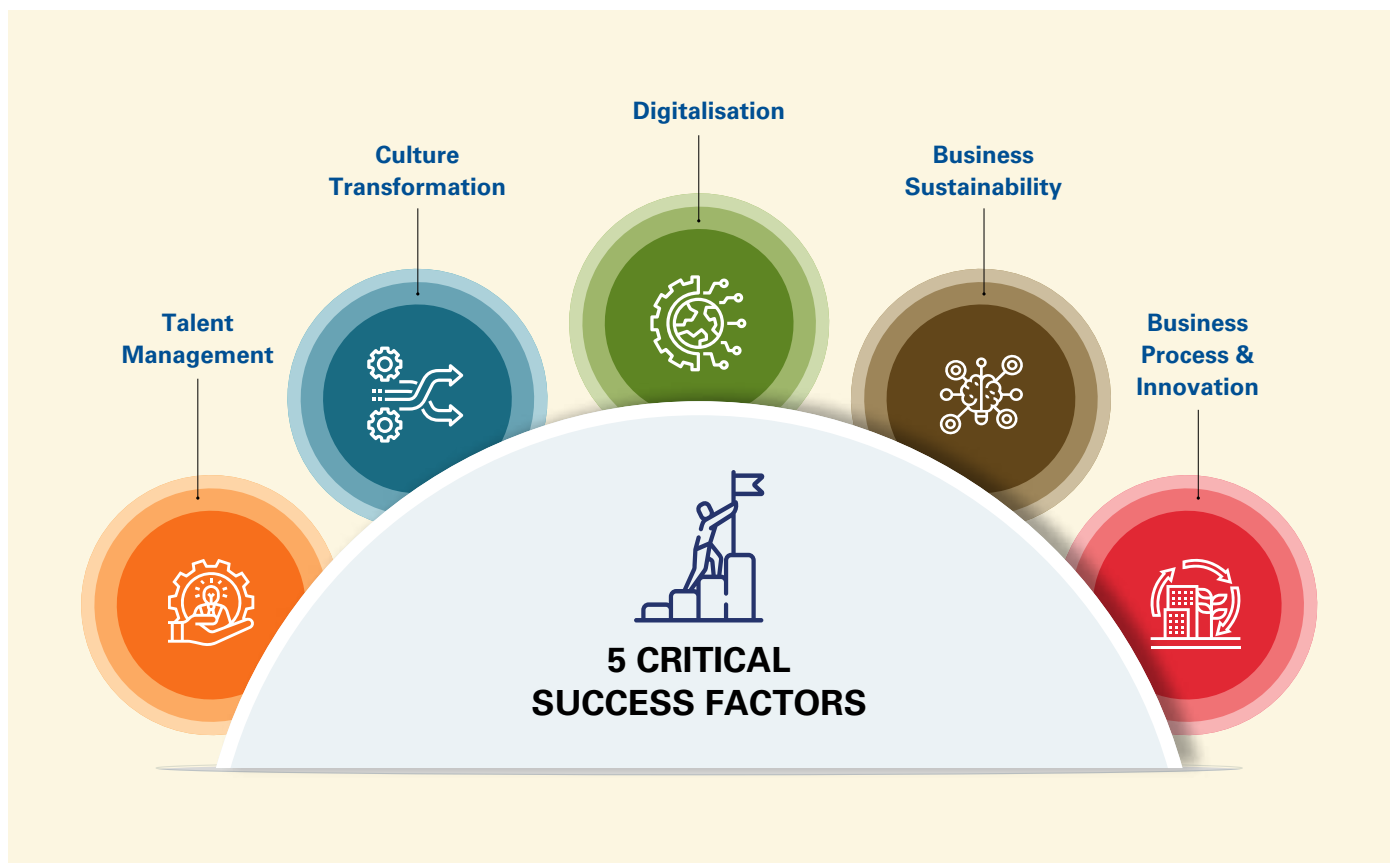


MANAGEMENT DISCUSSION AND ANALYSIS

FY2023 will be a year filled with challenges for the Group. As the economy is expected to soften in 2023 with risks to growth outlook fairly balanced, the Group is cautiously optimistic of its plans and targets and will further strengthen its core profitable businesses while improving the businesses that were negatively impacted by the slow recovery of the relevant business sectors.

The Group is also cognisant of the current economic and operating challenges, such as high material and labour costs, inflationary pressure, interest rate hikes, turbulent market conditions, and stiff competition. Thus, the Group's core focus is prudent cash management, value engineering, operational efficiencies, and value creation.

During the launching of IAP (I Am Protasco) 1.0 in the Year 2014, we established our Vision, Mission and Core Values. We refreshed our commitments and values by launching IAP 2.0 - A Journey of Discovery, Change & Growth, and we will continue our IAP 2.0 journey into 2023 and thereafter to realise our activation of 5 Critical Success Factors ("CSF") on a progressive basis:



We are guided by these 5 CSFs, vision and strategy and performance development framework in our pursuit of business excellence, career development for our employees, and return on shareholders' funds.

To achieve targets requires planning. Planning ahead with broad business knowledge and immense experiences gives us a head start. The Group is cognisant of its strong attributes including planning to take advantage of the expected economic recovery and take on business challenges in 2023.

The Group expects to improve its financial performance through proper planning and execution of its financial targets in 2023. The Group will also explore other business opportunities to enhance shareholders' return.

APPRECIATION

On behalf of the Board, I wish to express my sincere appreciation to all our valued shareholders, customers, business associates, bankers, suppliers, and contractors for their continued support, mutual trust and utmost confidence in the Group.

My deepest appreciation to the management and staff (our Protasco Champions) at all levels for their contribution, dedication, loyalty, and hard work, in working together for the Group business sustainability as well as building their career path with the Group. I am very confident that with their continued commitment, perseverance, right attitude and teamwork, the Group will be able to realise its Vision, Mission and Core Values.

In our journey towards FY2023 and beyond, we will continue to pursue value creation, business sustainability, and growth strategies on all business segments of the Group. This will benefit all management and staff in terms of a sense of achievement and create value for our shareholders and stakeholders.

Last but not least, I wish to place on record my deepest appreciation to my fellow members of the Board, both at Group and subsidiary level for their immense contributions, wise counsel and confidence in the direction of the Group.

Thank you.


Malaysia MADANI.

Dato' Sri Ir Chong Ket Pen

Executive Chairman



SUSTAINABILITY REPORT



INTRODUCTION

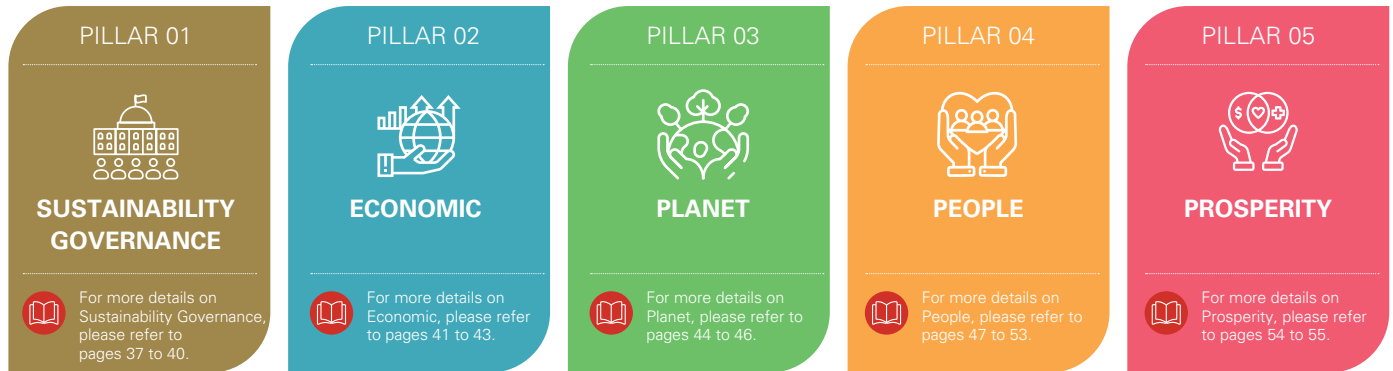
This sustainability report presents a true and fair view of Protasco Berhad's ("Protasco," "Company" or the "Group") current environmental, social and governance ("ESG") related policies, activities and progress for the financial year ended 31 December 2022 ("FY2022").

Protasco is committed to conserve as we construct. We are an infrastructure solutions provider for every stage of the supply chain. The Board and Management highly appreciates the importance of incorporating pertinent ESG considerations into the Group's diversified business portfolio: construction, property development, maintenance, education, clean energy, engineering and consultancy services, trading and manufacturing.

Sustainability committees were created in FY2020 to assist the Board to oversee the Group's ESG policies and practices. As a conscientious corporation, the Company is fiercely committed to embed sustainability into our organisational DNA and generate long-term value for all our stakeholders. We understand the interdependence between economic, environmental and social ("EES") risks in business.

Our technical expertise in property development, maintenance, education, trading and manufacturing, engineering and consultancy services as well as clean energy, enable us to contribute to positive environmental impact, including to extend the life cycles of infrastructure projects. Besides that, we nurture talented youths into local experts in sustainable engineering and holistic development via our education ventures. By integrating ESG concerns into the very heart of our operations, our businesses are a growing positive force in every industry we operate in.

SUSTAINABILITY REPORT



APPLIED FRAMEWORKS

This report was prepared in accordance with **Bursa Malaysia's Sustainability Reporting Guide (3rd edition)** as well as the regulatory frameworks and disclosure guidelines below:

- Global Reporting Initiative ("GRI") Standards: Core Option
- Malaysian Code on Corporate Governance ("MCCG") 2021
- FTSE4Good Bursa Malaysia Index
- United Nations Sustainable Development Goals (UN SDGs)

REPORTING SCOPE AND BOUNDARY

This statement covers the operations of the Group from 1 January to 31 December 2022. The Group includes Protasco Berhad and its six main operating subsidiaries:

- Protasco Development Sdn Bhd
- HCM Engineering Sdn Bhd
- Protasco Trading Sdn Bhd
- Kumpulan Ikram Sdn Bhd
- Ikram Greentech Sdn Bhd
- Ikram Education Sdn Bhd

Comparative performance data from preceding years have been excluded as they do not reflect the whole group. From 2022, the data are collected at the group level. The Board and Management are aware that third party vendors may impact the Group's ESG track record. Hence, efforts are being made to enhance the Group's data collection to incorporate ESG concerns involving our value chain partners in future reporting cycles.

REPORT CONTENT AND DATA ASSURANCE

All content provided in this statement were compiled and synthesised to meet local and international regulatory standards, stakeholder expectations and Protasco's most significant ESG factors and risks in its operating environment. Thus, the reporting is guided by GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness.

Data was sourced internally and has been verified by respective business units for precision, consistency and trustworthiness. Financial data in this report which can be cross-referenced to the FY2022 financial statement has been reviewed by Crowe Malaysia PLT. Non-financial data were not reviewed by an external party but the Group shall strive to do so in the near future.

Hence, the Board and Management assures that this Sustainability Statement provides a fair, balanced and honest account of the Group's ESG endeavours and impact as assessed by our sustainability working teams, internal auditors and the Board's Risk Management Committee.

LIMITATIONS AND DISCLAIMERS

Protasco acknowledges that there is still room for improvement in terms of the disclosure depth and quality for some ESG indicators. We have provided explanations where data may be incomplete or unavailable. We are in the midst of enhancing our data tracking and gathering mechanisms to improve our disclosure in future reports.

Forward-looking statements in this report used to discuss future plans and targets are made based on reasonable current assumptions. They should not be regarded as conclusive as actual plans and results may differ due to changes in the operating environment.

FEEDBACK

In line with our commitment towards continuous improvement, we welcome feedback from our stakeholders on our sustainability reporting and practices.

Comments and recommendations can be emailed to ccd@protasco.com.my.

SUSTAINABILITY REPORT

PROTASCO'S ALIGNMENT TO UNITED NATIONS SUSTAINABILITY DEVELOPMENT GOALS (UNSDGs)

Protasco, as a responsible corporation, is committed to undertaking initiatives that support the realisation of 9 out of the 17 UNSDGs.



Protasco's FIVE (5) Sustainability Goals

Setting Purpose

This report provides a comprehensive account of Protasco Berhad's sustainability journey for the year 2022. Continuing its "I Am Protasco" (IAP 2.0): A Journey of Discovery, Change and Growth, the Group has decided to relook its commitment towards the Sustainability Agenda with a focus on the three pillars of Environment, Social and Governance.



2022 MATERIALITY TARGET AND ACTUAL PERFORMANCE

Materiality*	Nos**	KPI	Target	Actual
Procurement Practices [1]	1.	Local Suppliers vs International Suppliers (%)	To have at least 70% of local suppliers	Protasco procures 97% of its supplies from local suppliers. In total, the Group has 442 suppliers with 428 being local suppliers.
	2.	Customer Satisfaction (%)	To maintain 70% Customer Satisfaction	Actual cumulative Group customer satisfaction score is 80%.
Product & Services Responsibilities [11]	3.	Number of cybersecurity/IT related Awareness Training	To have a minimum of 1 awareness programme related to cybersecurity for each BU annually	One cybersecurity awareness training titled "Network security awareness and strong password creation" was conducted with 156 employees in attendance.
	4.	Number of anti-corruption related activities	To reduce corruption practices for any 2 levels of employees to a minimum of 1	As a Group, a knowledge sharing session on anti-corruption was conducted for all staff covering nonexecutive, executive and management team.
Anti-corruption [9]		Number of anti-corruption cases	To ensure zero reports/cases of corruption within Protasco Berhad	Zero cases reported for 2022.
	5.	Number of philanthropic activities	To have a minimum of 10 philanthropic activities yearly	46 philanthropic/CSR activities were conducted by the Group's various business segments with a total cumulative value of RM1.23 million.
Community Development [2]				
Water [4]	6.	Water Usage Reduction (%)	To reduce water usage by 3% from the previous year	2021 Water usage in De Centrum City was 11,587m ³ with amount paid for the volume consumed standing at was RM26,500. In 2022, water usage was 13,528m ³ and amount paid was RM31,800. There is an increase of 17% in water usage. This increase was significantly high due to some of the business segments returning to full operations in 2022. As a Group, water usage for 2022 taking into account all business segments (De Centrum City and others) stands at 130,527.03m ³ and the amount paid stands at RM81,650.

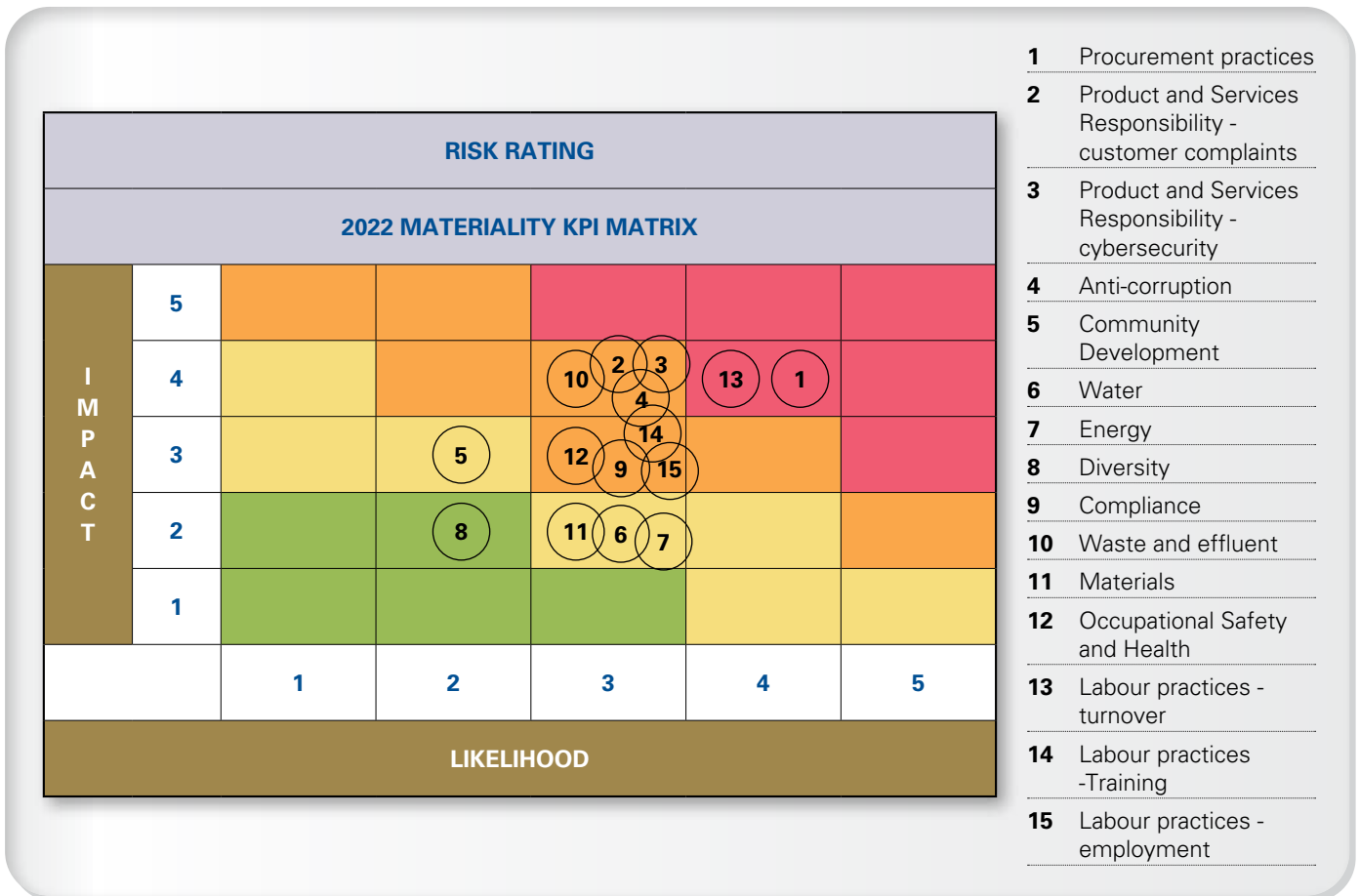
SUSTAINABILITY REPORT

Materiality*	Nos**	KPI	Target	Actual
Energy [5]	7.	Electricity Usage Reduction (%)	To reduce electricity usage by 3% from the previous year	2021 electricity usage for De Centrum City was 1,182,746kWh with an amount paid of RM580,622. In 2022, the usage in De Centrum City was 1,476,695kWh with amount paid of RM749,761. 2022 electricity usage for the whole Group (consisting of six business segments and the corporate group stands at 2,597,197kWh and amount paid was RM1,313,7623. Comparatively, electricity usage within De Centrum City alone increased 24.85% year-on-year. This increase was due to some of the business segments resuming full operations in 2022.
		Solar Energy Consumption	To ensure 306 tons of CO ₂ emission avoidance by consuming solar energy	As of 2022, a total of 436,260.34 Tonne CO ₂ was emitted from the electricity consumed (Scope 2 emissions derived from indirect energy consumption). The total CO ₂ emissions for 2022 is lower than the set KPI.
Diversity [7]	8.	Women's Leadership in Managerial Positions (%)	To have 6% women leaders in managerial positions within the Group	Protasco has 197 women at the senior and middle management level employees. Women leaders in both senior and managerial positions comprise 35.5% of the workforce. Women in senior management positions, make up 20% of the total 44 senior positions.
Compliance [12]	9.	Number of non-compliance cases/penalties	To ensure zero non-compliance/business ethics cases/penalties by Authorities within Protasco Berhad	No major non-compliance issues recorded.
Waste & Effluent [3]	10	Waste recycled/treated/diverted by projects (%)	To ensure 10% of waste is recycled/treated/diverted by projects under Protasco Berhad	Total waste that was recycled/treated/diverted by projects was approximately 23.09 tonnes. Out of this 53% have been recycled/treated/diverted.
Materials [6]	11.	Number of Environmentally Friendly Materials Use	To use a minimum of 2 environmentally friendly materials or from sustainable sources	Cold In Place Recycling (CIPR) and Crumb Rubber Modified Asphalt (CRMA) are the 2 environmentally friendly materials that are used.
Occupational Safety & Health [8]	12	Number of OSH-related activities	To have at least 5 safety-related trainings/meetings/inspections	Through its business segments, 9 safety-related activities were undertaken for each business segments operating within the Group including the Corporate Office. It consists not only of meetings but awareness training, fire and evacuation drills, and inspections/audits.

Materiality*	Nos**	KPI	Target	Actual
Labour Practices [10]	13	Employee turnover rate (%)	To maintain employee turnover below 10% annually at the Group level	Employee turnover at Group level stands at 8.9% for 2022.
	14	Number of training/ learning hours for staff development	To ensure 70% of Protasco Berhad's employees have 20 hours of training/ learning	1,011 staff underwent training with 12,579 training hours logged. With 72% of Protasco Berhad's staff have undergone training to improve their skills. However, average training hours spent is approximately 12 hours, which is lower than the set target of 20 hours. Total number of hours and the % of staff that have gone through learning via webinars and other online sources have not been captured. Plans will be put into place to capture such data in 2023.
	15	Permanent vs Contact employees (%)	To ensure 50% employees are permanent with employee benefits	44.1% are contract employees, 46.21% are permanent employees and 9.28% on probationary status. Employees irrespective of employment categories are entitled to statutory and other benefits.

* According to figures found on pages 32 and 33

** Numbers to be cross-referred to the Materiality KPI Matrix below



SUSTAINABILITY REPORT

One of the key criterion applied in the determination of materiality is risks; that is the extent of risk impact in terms of severity and frequency brought on by a material topic. Following is the Group's identification of risks (as well as opportunities) arising from significant material topics:



Economic



Social



Environment



Governance

Category	ESG	Description of Risk	Opportunity to Business	Risk Description
Internal/ Financial		Procurement practices	Provide small local suppliers around the project area with ESG focused business opportunity.	Local suppliers with ESG practices, the price of product/ services may be expensive and may affect on the revenue.
Internal/ Operational		Product and Services Responsibility - customer compliants	Satisfied customers will have trust and confidence in the products/ services under the brand. This will create customer loyalty that will support in long-term business sustainability.	Sales and Revenue can be affected. Lost of customer confidence on the brand/image. The organisation's reputation can be affected.
		Product and Services Responsibility - Cybersecurity	Instill trust among stakeholders (employees/customers/external parties) on the data confidentiality and avoid any possible operational disruption.	Loss of data, disruption to business, business loss - damage to reputation, costs - getting the affected systems up and running Constant monitoring and investment into the system.
External/ Governance		Anti-corruption	Ensure investors and other stakeholders are confident to do business and engage with the Group.	Non-compliance to Section 17A, MACC Act - financial loss through penalty and damage of organisation's reputation.
External/ Financial		Community Development	Support from community and customer's confidence will grow towards the image and brand of the company and its product/service.	Financial allocation to support community activities.
Internal/ Operational		Water	Monitoring the usage of water efficiently can decrease water bill and with various ways can drive down water-related costs.	Financial implication due to overuse of water.
Internal/ Operational		Energy	Environmental perspective: Increased efficiency can lower greenhouse gas (GHG) emissions and other pollutants. Economic perspective: Improving energy efficiency can lower company's utility bills.	Financial implication due to overuse of electricity and CO ₂ emission.

SUSTAINABILITY REPORT



Economic



Social



Environment



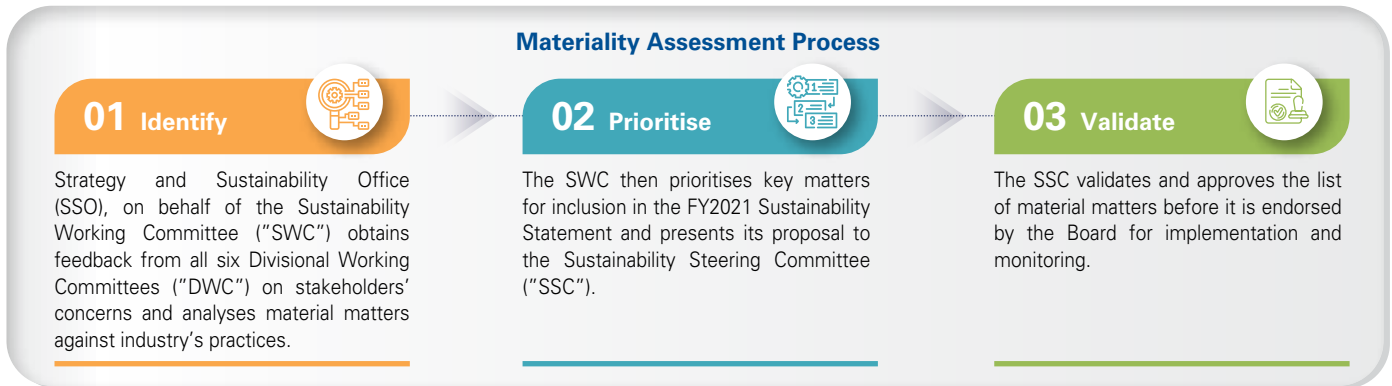
Governance

Category	EESG	Description of Risk	Opportunity to Business	Risk Description
Internal/ Operational		Diversity	Diversity of talent from various group, broaden the skills among employees, as well as a diversify experiences and perspectives which can increase productivity.	Unable to attract diversified talents that meets the requirement and need of the company.
External/ Financial		Compliance	Without legal issues from authorities/regulators can support in smooth business growth.	Regulatory Bodies, Authorities & Certification Body Requirement - business reputation will be tarnished and consequently suffer loss of business activity.
Internal/ Operational		Waste and effluent	Reducing waste will not only protect the environment but will also save on costs or reduce expenses for disposal. In the same way, recycling and/or reusing the waste that is produced benefits the environment by lessening the need to extract resources and lowers the potential for contamination.	Waste Management not monitored and reported accurately to the Group.
Internal/ Operational		Materials	Using the environment-friendly materials can help in perserving the environment and live a better quality of life.	Use of recycle material or sustainable source or sustainable certified can be too expensive.
Internal/ Operational		Occupational Safety and Health	By complying to the DOSH requirement there will be a better and safe work condition.	Non-compliance to DOSH requirements leads to higher penalty.
Internal/ Operational		Labour practices	Keeping manpower turnover low can indirectly save the company from productivity losses.	High turnover affects the employee productivity and business operation of the business. It costs company to spend more money to recruit and train new employees.
			Improve efficiency and productivity of employees while being able to retain loyal employees that show both quantity and quality performance.	Provide up-to date skills or taining and monitor constantly on the impact on the job.
			Permanent employment gives employees satisfaction and gives a sense of comfort and job security.	Having too many permanent staff without project will affect the business PBT.

SUSTAINABILITY REPORT

MATERIALITY ASSESSMENT PROCESS

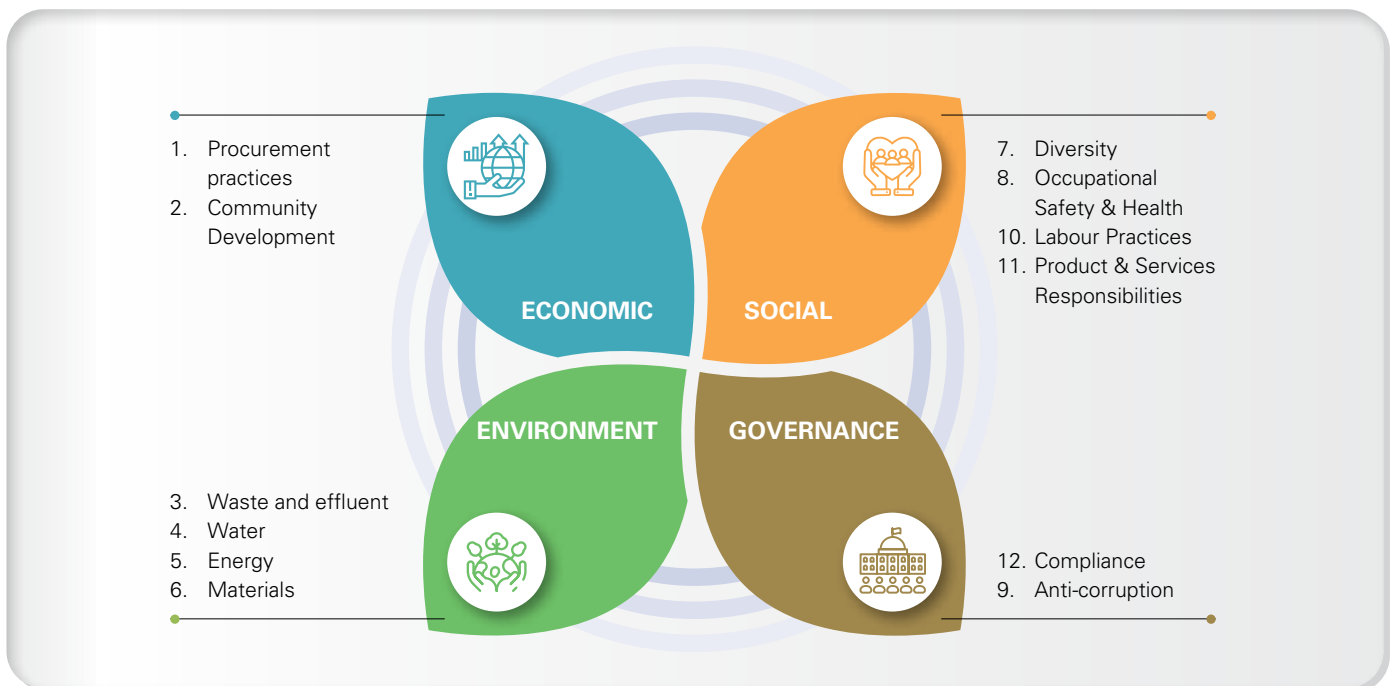
While Protasco has identified its material topics, in FY2022 a reassessment was conducted towards to ensure its identification of topics continued to be accurate and relevant to its business model and objectives. The following is the Group’s materiality assessment process for FY2022:



Chaired by the Head of Strategy and Sustainability Office, the Sustainability Working Committee (“SWC”) is responsible for requesting input from six Division Working Committees (“DWC”) for the required operational data for each material matter identified for the Group. Feedback is assessed and benchmarked against industry best practices.

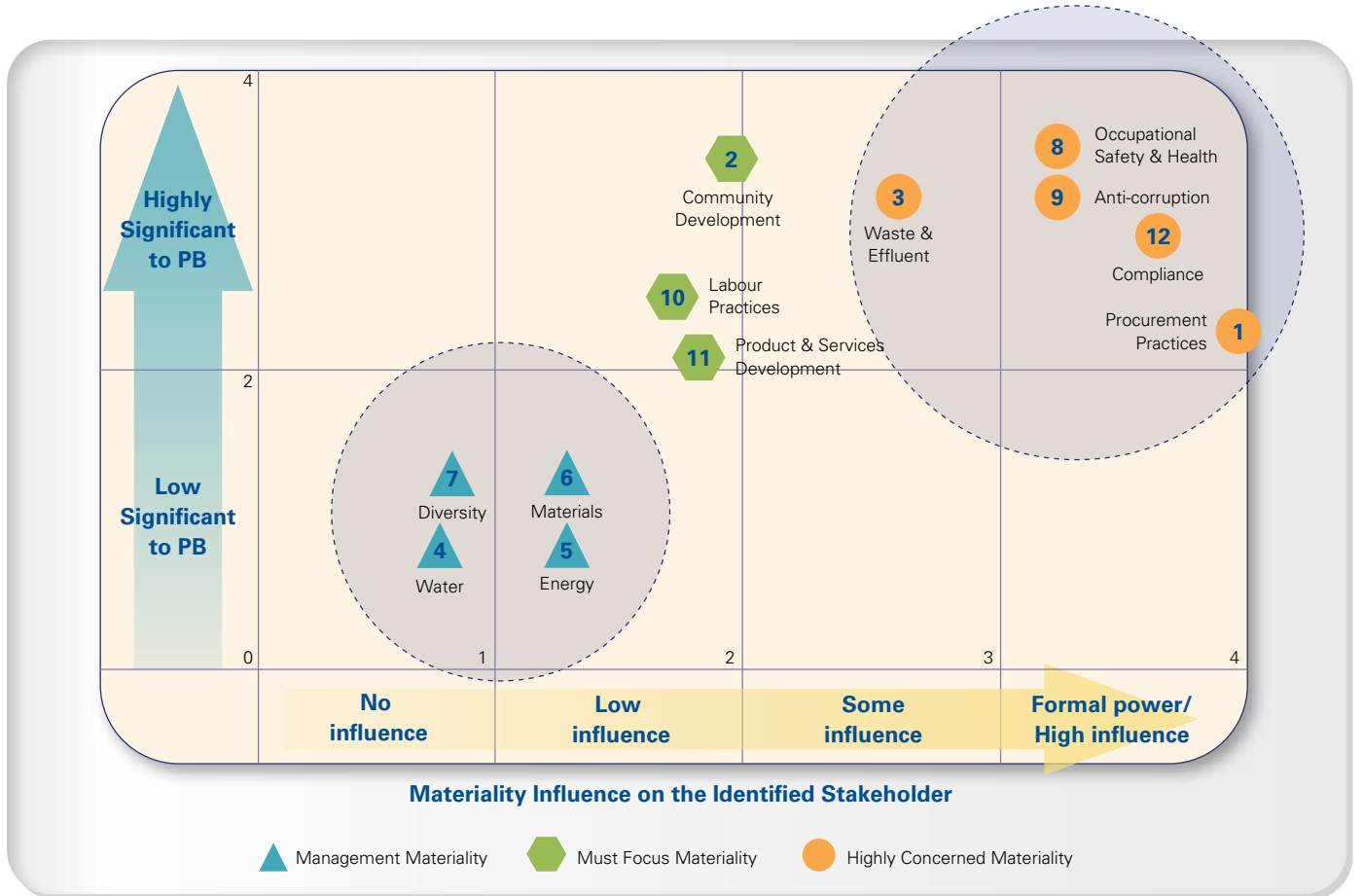
The SWC Chairman would subsequently present the Committee’s analysis for inclusion in the FY2022 Sustainability Statement to the Sustainability Steering Committee (“SSC”). This includes presentation of the data and analysis pertaining to Protasco’s Group’s sustainability strategies and targets. The information is then submitted to the Board Risk Management Committee for further deliberation and approval.

A total of 12 material concerns were ascertained for FY2022: two each in the areas of governance and economic, and four each for the environment and social pillars. For comparison, six material topics were identified in FY2020. Two additional topics were included in FY2021.



SUSTAINABILITY REPORT

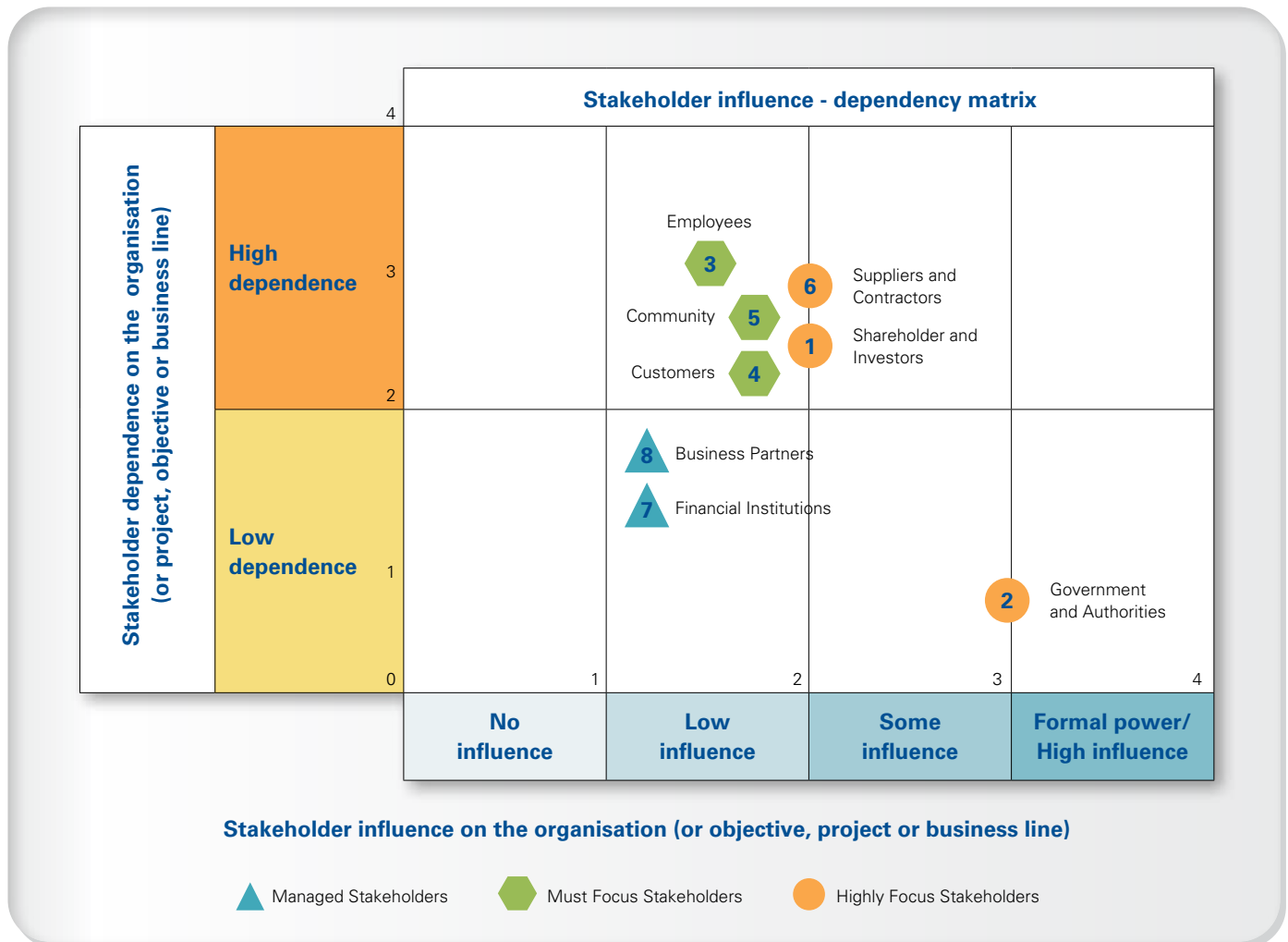
As demonstrated in the materiality prioritisation matrix in the following diagram, Protasco deems procurement practices, waste and effluent, occupational safety and health, anti-corruption and compliance to be the five most important material concerns to the Group. Community development, labour practices, product and service development are also material topics the Company view as significant, though to a lesser degree compared to the previous five. Water, energy, materials and diversity are material matters that the Group have been actively managing and will continue to do so.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

A key aspect of Protasco’s approach to sustainability is stakeholder engagement as well as stakeholder prioritisation. In FY2022, Protasco has identified its most important stakeholders and also categorised them based on a stakeholder significance matrix:









The identified material matters have also been mapped to the Group's stakeholders:

MATERIALITY MATTERS AGAINST STAKEHOLDER PRIORITY MAPPING

Nos	Materiality Matters	Stakeholders							
		Shareholder and Investors	Government and Authorities	Employees	Customers	Community	Supplier and Contractors	Business Partners	Financial Institutions
1.	Procurement practices			✓			✓		
2.	Community Development					✓			
3.	Waste and effluent		✓			✓	✓		✓
4.	Water			✓					
5.	Energy			✓					
6.	Materials						✓		✓
7.	Diversity	✓		✓					
8.	Occupational Safety and Health			✓			✓		
9.	Anti-corruption	✓	✓	✓				✓	✓
10.	Labour Practices			✓					
11.	Product and Service Quality				✓		✓		
12.	Compliance	✓	✓	✓			✓	✓	✓

The next table summarises the means of engagement, frequency, key contacts and the priorities for each stakeholder group. The Group will continue to improve our stakeholder management approach to ensure our stakeholders' material concerns are well addressed.

SUSTAINABILITY REPORT

Stakeholder	Means of Engagement	Frequency	Key Contact	Stakeholders Concern	Relevant Material Topic
Shareholders & Investors 	<ul style="list-style-type: none"> • General meetings • Announcements • Investor relations (part of corporate website) • Corporate websites 	<ul style="list-style-type: none"> • Annually • Scheduled • Ongoing 	<ul style="list-style-type: none"> • Board of Directors • Company secretary • Investor relations team 	<ul style="list-style-type: none"> • Sustainable financial returns • Growth strategy and future prospects of the Group • Good governance 	<ul style="list-style-type: none"> • Business Performance • Compliance • Anti-Corruption • Diversity
Government & Authorities 	<ul style="list-style-type: none"> • Briefings/meetings • Emails • Announcements 	<ul style="list-style-type: none"> • As and when required 	<ul style="list-style-type: none"> • Company secretary • Investor relations team • Board of Directors • Legal department 	<ul style="list-style-type: none"> • Regulatory compliance • Listing requirements • Transparency of disclosure • Tax payment 	<ul style="list-style-type: none"> • Compliance • Anti-Corruption • Waste & Effluent
Employees 	<ul style="list-style-type: none"> • Briefings/meetings • Emails • Social Media • Performance appraisal sessions • Sharing sessions 	<ul style="list-style-type: none"> • As and when needed • Ongoing • Ongoing • Yearly • Ongoing 	<ul style="list-style-type: none"> • Managers and supervisors • Human resource department 	<ul style="list-style-type: none"> • Compensation and benefits • Growth and career development • Diversity and equal opportunity • Health and safety 	<ul style="list-style-type: none"> • Labour Practices • Occupational Safety, Health & Environment (OSHE) • Compliance • Procurement Practices • Water • Energy • Diversity • Anti-corruption
Customers 	<ul style="list-style-type: none"> • Briefings/meetings • Customer service hotlines • Student meetings • Social media sites 	<ul style="list-style-type: none"> • As and when required • Ongoing 	<ul style="list-style-type: none"> • Sales and marketing team • Lecturers • Administrators of respective divisions 	<ul style="list-style-type: none"> • Customer satisfaction and experience • Adherence to quality standards, contract terms and delivery timeline • Timely response to customer feedback • Data confidentiality 	<ul style="list-style-type: none"> • Product & Service Quality
Community 	<ul style="list-style-type: none"> • Sponsorship and contributions • CSR activities 	<ul style="list-style-type: none"> • As and when required (Emergency) 	<ul style="list-style-type: none"> • Respective Divisions • Corporate Communication 	<ul style="list-style-type: none"> • Financial and social support • Environmental responsibility 	<ul style="list-style-type: none"> • Community Development • Waste & Effluent
Suppliers & Contractors 	<ul style="list-style-type: none"> • Review & coordination meetings • Negotiation meetings 	<ul style="list-style-type: none"> • Ongoing • As and when needed 	<ul style="list-style-type: none"> • Procurement department • Contract Department • Project managers • Administration 	<ul style="list-style-type: none"> • Contract terms • Timely payment • Health and safety 	<ul style="list-style-type: none"> • Procurement Practices • Occupational Safety & Health • Waste & Effluent • Materials • Compliance • Product & Service Quality

PILLAR 01

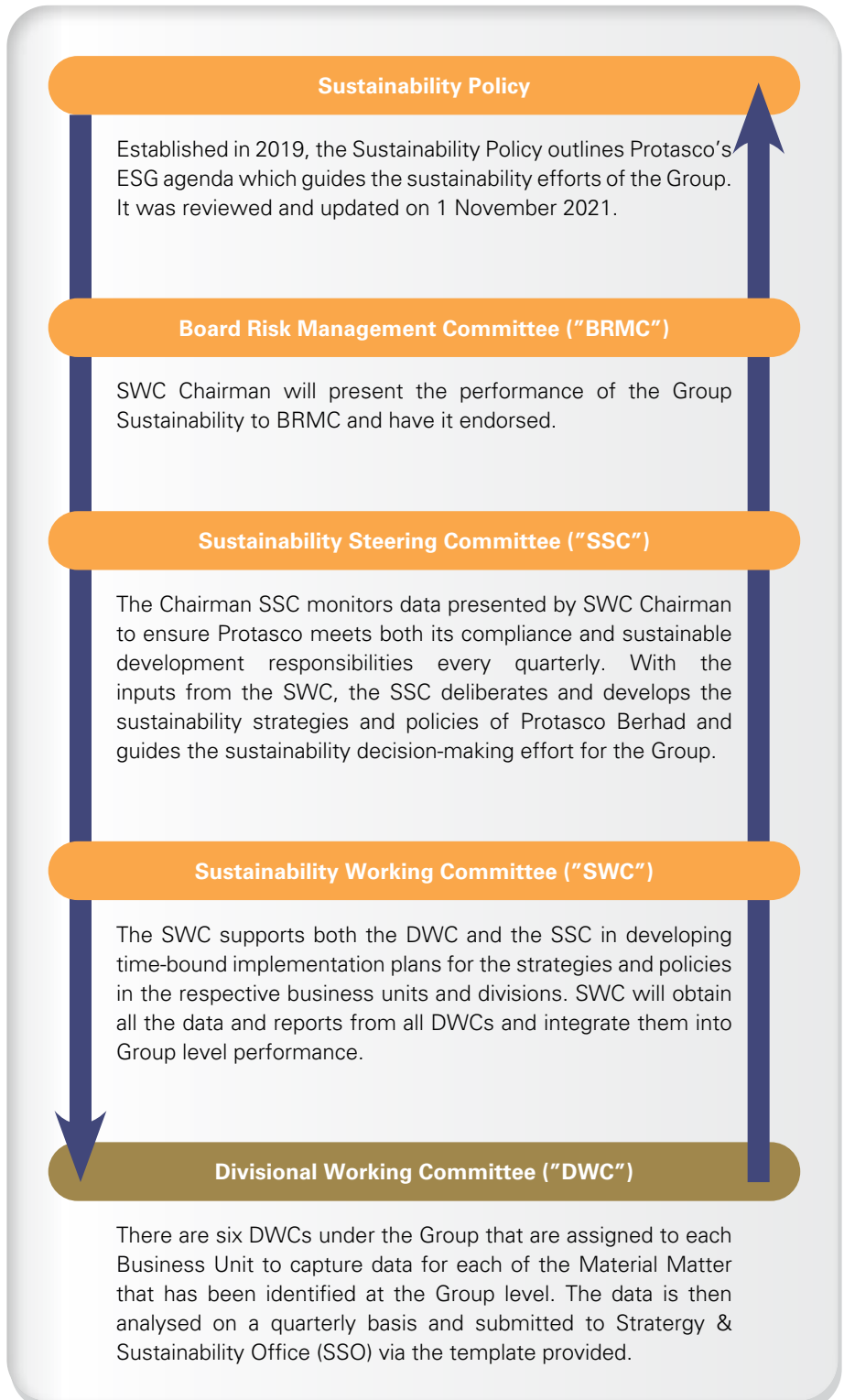


SUSTAINABILITY GOVERNANCE

The Board Risk Management Committee ("BRMC") oversees all sustainability matters on behalf of the Board of Directors of Protasco. This approach has been in practice since 2020.

The Sustainability Steering Committee ("SSC"), the Sustainability Working Committee ("SWC") and the Divisional Working Committees ("DWCs") assist the BRMC to implement the Group's sustainability strategies and policies. Protasco's Sustainability Policy was developed in 2019 and revised in 2021.

The following is the Group's sustainability structure in full, with the respective roles and responsibilities of each participating body/reporting entity provided:



SUSTAINABILITY REPORT

The Group’s sustainability performance, indicators and initiatives for the financial year are deliberated by the SSC, SWC and DWC before it is presented to and endorsed by the BRMC.

The composition of the SSC, SWC and DWC are as follows:

Sustainability Steering Committee (“SSC”)	Sustainability Working Committee (“SWC”)	Divisional Working Committee (“DWC”)
<ul style="list-style-type: none"> • Group Managing Director (Chairman) • Maintenance Division, Chief Executive Officer • Property & Construction Division, Executive Director • Engineering & Consultancy Services Division, Chief Executive Officer • Engineering & Consultancy Services Division, Executive Director • Trading & Manufacturing Division, Executive Director • Education Division, Vice Chancellor • Education Division, Executive Director • Energy Division, Executive Director • Group Corporate Office, Head 	<ul style="list-style-type: none"> • Head of Strategy & Sustainability • Corporate Assurance Department (Document Controller, Data Collection, Data Analysis & Review) • Corporate Communications Department (Report Writing) • Divisional Sustainability Manager (Representatives from Each Division/ Department) 	<ul style="list-style-type: none"> • Divisional Sustainability Officer • Divisional Sustainability Manager • Coordinator • Document Controller • Data Person-In-Charge • Committee Members

A robust set of governance frameworks and policies support the above committees to embed ESG into Protasco’s diversified business portfolios:

- Sustainability Policy
- Board Charter
- Director’s Code of Conduct
- Board Risk Management Committee Terms of Reference
- Audit Committee Terms of Reference
- Nomination and Remuneration Committee Terms of Reference
- Shareholders’ Rights Relating to General Meeting
- Corporate Disclosure Policy
- Communication Policy with Shareholders and Stakeholders
- Whistleblowing Policy
- Integrity & Anti-Corruption Policy

SUSTAINABILITY REPORT

Ethics, Integrity and Anti-Corruption

Protasco continues to uphold the highest standards of business ethics and corporate integrity. Board oversight on ethics, integrity and anti-corruption matters is provided by the Audit Committee. The Senior Management, Internal Audit ("IA") conducted by the Corporate Assurance ("CA") Department and the Legal Unit, assist the Board Audit Committee.

The CA Department drives the anti-corruption agenda in Protasco, in compliance with the ISO 9001:2015 Quality Management Systems. In addition, the Group complies fully with the Malaysian Anti-Corruption Commission Act 2009, including Section 17A which covers corporate liability for graft offences. Before the amendment to Section 17A of the MACC Act 2009 came into force on 1 June 2020, the Board had adopted the Integrity and Anti-Corruption Policy in February 2020.

In line with Protasco's zero-tolerance position on bribery, the Company provides a safe and confidential channel for all employees and external parties to report any wrongdoing.

Our Whistleblowing Policy provides the Group's Executive Chairman direct purview over the matter while the CA Department implements the necessary internal controls to detect internal misconduct and fraud. The Department investigates any report by whistleblowers and red flags observed during an operational audit conducted by the CA Department immediately and thoroughly. The investigation's reports and process improvement recommendations are then disseminated to the Senior Management for their decisions on further action to be taken and reported to the Board of Directors.

Anti-corruption banners in our premises and periodic email reminders to employees reinforce the significance our organisation places on this matter. In FY2022, the Group had organised a knowledge sharing session on anti-corruption for all staff: the management, executives, and non-executives. All business segments under the Group have set corruption as a risk factor that requires continual assessment under the Risk Register.

There was only one employee attended training on anti-corruption in 2021, due to pandemic. However, the group initiated awareness talk in 2022 to ensure employees are kept informed of the anti-corruption behaviour.

Materiality Matters	FY2021	FY2022
Percentage of employees that have received training on anti-corruption by employee category		
Senior Management	0	0
Middle Management	0	21
Executive	0	62
Non-executive	0	0
Number of cases		
Senior Management	0	0
Middle Management	1	0
Executive	0	0
Non-executive	0	0

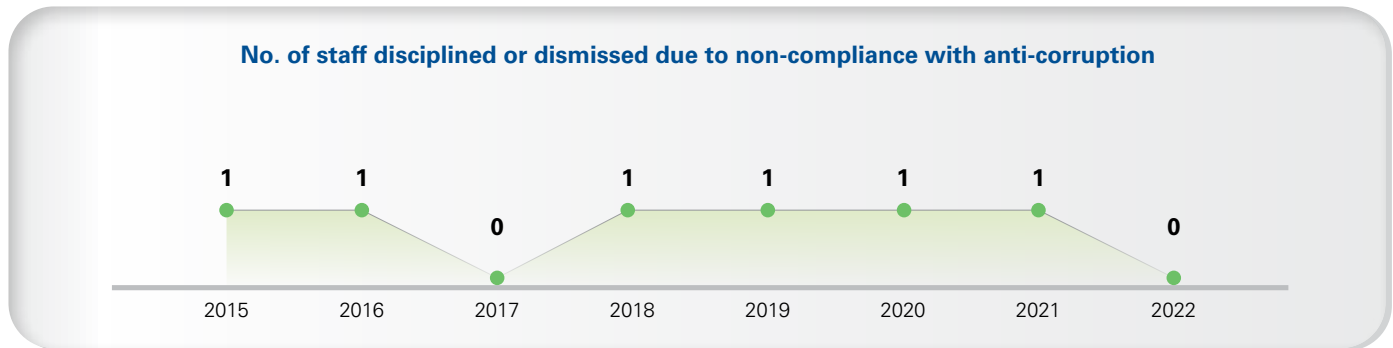
In addition, Protasco and its subsidiaries have not been fined or censured for any environmental or socioeconomic non-compliance during the financial year under review.

Details/KPI	FY2022
Number of non-compliance in relation to business ethics	0
Total cost of environmental fines and penalties	0
Total monetary value of fines for noncompliance with laws and regulations	0
Total number of nonmonetary sanctions for noncompliance with laws and regulations	0

SUSTAINABILITY REPORT

Ethics, Integrity and Anti-Corruption (Cont'd)

No anti-corruption cases were reported for FY2022.



Operations assessed for risks related to corruption	FY2022
Total number and percentage of operations assessed for risks related to corruption	16 risks
Number of corruption risk assessments/audits conducted	7 audits
Significant risks related to corruption identified through the risk assessment	6 risks

Total number/
percentage
of operations
assessed for anti-
corruption risks

16
operations
audited

Number of
corruption risks
assessments/
audits conducted
in FY2022

7 audits
(each business division
has been audited once in
FY2022)

Significant
corruption risks
identified through
assessments/
audits

6

PILLAR 02



ECONOMIC

Protasco's economic sustainability is one of the Group's highest priority material matters as it signifies our ability to create long-term value, including financial value, for all our stakeholders. Our business sustainability also contributes to the nation's gross domestic product ("GDP") while supporting a thriving local supply chain. Other indirect economic impact of our activities includes the development, maintenance and enhancement of infrastructure and amenities such as roads, community halls, surau, affordable homes, community playgrounds and ball courts that enhance the quality of life in the communities we serve.

Understanding the widespread impact of our business performance, the Board and Management of Protasco have always been prudent in their financial management of the Group. Key financial performance indicators such as Profit Before Tax, Cost Optimisation, and Resource Utilisation – Reduction of Operating Expenses ("OPEX") and Capital Expenditures ("CAPEX") have been identified to assess and manage our business performance.

Detailed information on the Group's FY2022 financial performance can be found in:

- Management Discussion & Analysis: pages 7 to 23
- Financial Highlights: page 6
- Financial Statements: pages 93 to 226

We continue to monitor our operating landscape to ensure any emerging risks are mitigated, with consideration for any growth opportunities that may augment our performance and ensure our business performance sustainability.

Product Services & Quality

Our customers' trust and confidence in the quality of our products and services and their value to our customers contribute to our Company's success. This issue receives Board and Management oversight due to its impact on our business performance, with clear KPIs set for all business units in terms of stakeholder satisfaction from three stakeholder groups: customers, authorities, and suppliers/contractors. Our education arm measures product and service quality through the various services provided to students while the trading and manufacturing division emphasises product development and diversification as a key performance driver on this topic.

We have put in place a robust set of quality management systems to ensure the continued integrity of our product and service offerings:

ISO 9001

Ikram Engineering Services Sdn Bhd, Ikram Paves Sdn Bhd, HCM Engineering Sdn Bhd, Roadcare (M) Sdn Bhd, Empayar Indera Sdn Bhd, Infrastructure University Kuala Lumpur (IUKL)

ISO 14001

HCM Engineering Sdn Bhd

ISO 17025

Ikram Paves Sdn Bhd

ISO 17065

Ikram QA Services Sdn Bhd

ISO 45001

HCM Engineering Sdn Bhd

CIDB G3/SPKK

Ikram Engineering Services Sdn Bhd

CIDB G7/SPKK

HCM Engineering Sdn Bhd, Roadcare (M) Sdn Bhd

CIDB G7

Kumpulan Ikram Sdn Bhd

BEM

Ikram Premier Consulting Sdn Bhd, Ikram Engineering Consulting Sdn Bhd

BAM

Ikram Premier Consulting Sdn Bhd

SUSTAINABILITY REPORT**Procurement Practices**

As a diversified business with presence in every stage of the construction and infrastructure value chain, Protasco plays a vital role in supporting the local marketplace through responsible procurement practices that help to foster local industries, facilitate local knowledge transfer and ensure shared prosperity for local communities. Fair and equitable procurement practices strengthen trust with our external providers and enable us to source for the most competitively priced products and services that best fit our needs.

Procurement in all our project-based subsidiaries is carried out by their respective Contract and Administration Departments in accordance with the procurement practices and procedures established by the Purchasing and Procurement Department ("PPD"). Plans are underway to further synchronise the procurement practices of the subsidiaries at the Group level. The effectiveness of our procurement process has a bearing on the Group's financial performance. Currently, suppliers are not evaluated for their environmental performance, OSH track record, commitment to worker welfare etc. Once a better process is in place, the Group will take into account these ESG factors.

The Group is continuously improving its general purchasing and procurement policy to outline a better tender process for vetting external providers. This requires all parties at every level of the process to be transparent from pre-qualification until the award and post-project evaluations. We actively seek out options and alternatives from a diversified list of vendors to ensure our tender process remains robust, transparent and cost effective.

External suppliers are evaluated on their performance as well as their ability to deliver at competitive pricing. Responsible local contractors with good performance track records in contributing positively to the nation's economy, are given due consideration, while safety track records are scrutinised to ensure compliance with the Occupational Safety and Health Act 1994 ("OSHA"), the Environmental Quality Act 1974 ("EQA"), other relevant OSH and environmental laws and regulations. These are the focus of Maintenance and Property & Construction business units for their projects.

Protasco adheres to ISO9001:2015 Quality Management Systems for the procurement of construction and building material. Construction material and supplies sourced by our contractors must be responsibly procured from the Construction Industry Development Board ("CIDB"), Standard and Industrial Research Institute of Malaysia ("SIRIM") or IKRAM QA's approved material list.

The Group is working towards incorporating ESG considerations as an assessment criterion into our supplier audit process for a more sustainable procurement process. This will come under the Group's lead and will be implemented progressively.

The table below shows procurement data of office supplies for all business units of the Group.

Group Procurement Data	FY2022
Number of local suppliers	428
Number of international suppliers	14
Amount spent on paying local suppliers (RM)	259,381,475
Amount spent on paying international suppliers (RM)	4,818,349

Moving forward, data comparisons from the Group level will be used.

Procurement of supplies related to projects and construction are disclosed below for the Property & Construction, and Maintenance business units as they are highly involved in project based procurement.

Subsidiary Procurement Data	Property & Construction			Maintenance		
	FY2020	FY2021	FY2022	FY2020	FY2021	FY2022
Total Procurement Spent (RM)	48,022	20,278	1.67 mil	5.76 mil	5.24 mil	6.04 mil
Total Local Procurement Spent (RM)	48,022	20,278	1.67 mil	5.76 mil	5.24 mil	6.04 mil
Total Foreign Procurement Spent (RM)	-	-	-	-	-	-
Percentage of Local Procurement Spent	100%	100%	100%	100%	100%	100%

Based on the data collected, over 100% of procurement spending in the past three years is on local vendors.

Going forward, we plan to continue supporting local contractors and suppliers as strategic partners and improve our procurement disclosures with more comprehensive data collection. We hope to do more to encourage and empower good ESG practices among our external providers, beginning with the formulation of guidelines on due diligence of new and existing partners, identifying suppliers and obtaining a track record of regulatory, environmental and socioeconomic non-compliances while striving for environmental friendliness in our procurement assessment as well as process, with further digitalisation of our system to go green.

This process of change shall be progressively effected to ensure a smooth transition and effective implementation. As such, Protasco will continue to focus on enhancing its Change Management strategies and management approach.



SUSTAINABILITY REPORT

PILLAR
03

PLANET

The Board and Management of Protasco recognise climate change and the sixth mass extinction as some of humanity's greatest threats in the 21st century.

The Group views biodiversity conservation as a matter of great national importance as Malaysia holds the distinction of being one of the 17 megadiverse countries in the world. In addition, the construction sector, in which Protasco operates, is one of the main contributors to global greenhouse gas emissions. Therefore, ecological sustainability is one of the key material matters with board oversight.

We recognise the reputational benefits and financial savings that can be derived from efficient energy, water and waste management. Our Property & Construction Division's approach to environmental management is governed by ISO 14001:2015 Environmental Management Systems and Malaysia's environmental laws and regulations.

The division engages an independent environmental consultant to conduct an Environmental Impact Assessment (EIA) prior to the commencement of new projects, and to provide monthly updates during a project's construction period. A case in point is the construction of the Saderi Apartment in Precinct 16, Putrajaya between 2019 and 2020. HCM Nilaiman Services appointed an environmental consultant to monitor the site for 24 months.

Energy and Emissions Management

In line with the Malaysian Government's longstanding campaign for energy efficiency, Protasco has implemented several measures to lower our Company's energy footprint in recent years. These include installing energy saving LED lights, setting air-conditioning units at between 24 and 26 degree Celsius, and switching off the lights and equipment in our premises when not in use.

Cooperation from our employees has led to successful reductions in our energy consumption, electricity and fuel bills and therefore operational cost savings. In ensuring optimal operational efficiency of all plants and machinery, all business segments perform regular maintenance activities.

However, Protasco's electricity consumption rose significantly in FY2022 compared to the previous two financial years as the Company's staff and tenants in De Centrum City return in full force. The electricity usage covers the Group's six business segments and the corporate office in De Centrum City.



	FY2021	FY2022
De Centrum City's electricity consumption (kWh)	1.18 mil	1.48 mil
De Centrum City's electricity bill (RM)	0.58 mil	0.75 mil

Details	2022 Group Level Data				
	Q1	Q2	Q3	Q4	Total
Total energy consumption (kWh/MWh)	591,494	691,917	746,616	567,170	2,597,197
Amount paid for the energy consumed	RM289,010	RM319,271	RM386,070	RM319,411	RM1,313,762

It is estimated that the Group released a total of 260.34 tonnes of carbon emissions in FY2022, which was lower than our set KPI of 306 tonnes for the year. Our Clean Energy Division champions renewable energy ("RE") projects nationwide to reduce the Company's greenhouse gas emissions.

For instance, Protasco has installed solar panels with a total capacity of 281kWh in De Centrum City, which can power up to 2,400 homes and eliminate 6,000 tonnes of carbon emissions. Protasco had aimed to eliminate 306 tonnes of carbon emissions via the use of solar energy in FY2022. It has successfully reduced 45.66 tonnes with the deployment of solar energy.

Table: Greenhouse gas (GHG) Emissions - GHG Protocol Scope 1 & 2 emissions

2022 Group Level Data		
No.	Details	Total
1.	Total energy production (kWh/MWh) from renewable and non-renewable sources	436,815
2.	Amount of reduction (savings) in energy consumption achieved as a result of conservation and efficiency initiatives. [0.02555 (RM/kWh)]	132,911
3.	CO ₂ emission avoidance based on consuming solar energy (tonnes)	260

Water Consumption

Access to clean water and sanitation is a human right. Protasco's headquarters is in the Klang Valley, where pollution incidents continue to cause unexpected water cuts. Although the construction sector is not a water intensive industry, the Company appreciates that reliable and continuous access to clean water is vital to the continued growth of our business.

Notices can be found at our premises reminding our personnel and visitors to use this precious resource responsibly. Efforts to reduce the Group's water consumption has seen our water bill declined steadily from FY2020 to FY2022.

Details	2022 Group Level Data				
	Q1	Q2	Q3	Q4	Total
Total volume of water used (m ³)	30,698	31,692	33,757	34,381	130,527
Amount paid for the volume used	RM22,171	RM17,384	RM20,600	RM21,495	RM81,650
Recycled water	RM1,500	RM1,500	RM1,500	RM1,500	RM6,000

We originally aimed to reduce the Group's water usage by 3% compared to the previous financial year. However, the return of our personnel to our office and our tenants in De Centrum City has seen the Group's water footprint increased to over 130,000 cubic metres, compared to was 11,587m³ in FY2021.

SUSTAINABILITY REPORT

Waste Management

Malaysia is one of the emerging economies in Asia that is deeply affected by the illegal dumping of global plastic and electronic waste, which results in air, soil and water pollution including in Selangor. Protasco, as a concerned corporation, strives to be part of the solution. We support global and local efforts to create a circular economy and promote a zero-waste lifestyle.

The Property and Construction Division champions 3R (Reduce, Reuse and Recycle) initiatives across our operations and projects. We had aimed to recycle, treat or divert 10% of the waste generated by projects under Protasco in FY2022. The Group surpassed this target by successfully recycling, treating, or diverting 53% of the approximately 23.09 tonnes of waste for the financial year under review.

Our waste management approach and practices are in compliant with the Environment Quality Act (EQA). Protasco offers scheduled waste management training to relevant personnel. A licensed waste disposal agent takes care of our Company's segregated construction waste while local councils collect our office waste to be disposed at legal landfills.

Our corporate office and construction sites do not produce any hazardous liquid waste regulated by the Department of Environment. Domestic effluent is disposed of through a proper sewerage system. We deal with any electronic waste responsibly.

No.	Details	2022 Group Level Data				
		Q1	Q2	Q3	Q4	Total
1.	Total Waste Generated (tonnes)	9.59	4.50	4.50	4.50	23.09
2.	Waste Diverted from Disposal (Recycled waste) (tonnes)	5.82	0.30	0.30	0.30	6.72
3.	Waste Directed to Disposal (tonnes)	8.00	3.60	3.60	3.60	18.80
4.	Hazardous Waste (or Scheduled Waste) (tonnes)	0	0	0	0	0
5.	Non-Hazardous Waste (or Non-Scheduled Waste) (tonnes)	0	0	0	0	0
6.	Waste Directed to Disposal	0	0	0	0	0
7.	Incineration	0	0	0	0	0
8.	Landfill (tonnes)	3.60	3.60	3.60	3.60	14.40
9.	Other Methods of Disposal	0	0	0	0	0
10.	Percentage of recycled waste (recycling rate)	61%	7%	7%	7%	29%
11.	Re-used waste (tonnes)	3.77	1.75	0	0	5.52
12.	Recycled & reused waste (tonnes)	9.59	2.05	0.30	0.30	12.24
13.	Percentage of recycled & reused waste	100%	46%	7%	7%	53%
14.	Hazardous recycled waste (tonnes)	0	0	0	0	0
15.	Non-hazardous recycled waste (tonnes)	0.12	0.12	0.12	0.12	0.48
16.	Non-recycled waste generation (tonnes)	2.98	3.68	3.60	3.60	13.86

Construction Methods and Materials

The construction sector typically is resource-intensive, consuming a wide range of raw and building material. Protasco continues to advocate resource efficiency and reduced waste production across its operations to optimise costs as well as to reduce its environmental impact.

This approach is practised across the business process, from the design of construction projects to choice of material used as well as on construction sites. Specific strategies are implemented in reducing the use of resources, recycling waste, and to ensure efficient construction that expedite the pace of construction (which reduces costs and supports revenue recognition).

PILLAR 04



PEOPLE

Protasco's people pillar focusses primarily on its workforce, its supply chains as well as local communities.

The construction industry has been typically driven by manufactured capitals such as the availability and pricing of building materials, equipment and machinery management of waste and avoidance of environmental impacts through good regulatory compliance. It has also been driven by financial capitals as construction typically requires significant upfront capital expenditures.

However, the continued modernisation of the industry with the proliferation of technology, progressively has led to an evolution of the industry that sees people and processes emerging as material to competitive edge and value creation.

At the same time, growing focus on social performance i.e. impacts caused to local communities from construction sites and works, occupational safety and health ("OSH") and more are growing in importance as the performance of construction companies are increasingly judged on sustainability performance.

Talent Management

Talent Management which encompasses talent recruitment, retention, remuneration, professional development as well as staff morale and satisfaction, is a fundamental material topic. The Group's ability to operate effectively and the realisation of business and operational goals are premised on the technical and leadership competence as well as professionalism and integrity of its workforce.

Hence, Protasco continues to focus on all aspects in its approach to talent management, with merit being the cornerstone of its approach. In essence, talent is judged purely based on professional qualifications, expertise and experience as well as job contribution and achievements. This is the criterion for determining the recruitment of talent, promotions, rewards and more.

Socio-demographic factors such as race, gender, religious beliefs or any other factor are not to be used in evaluating or assessing employees or prospective employees. As much as possible, Protasco practises an equal opportunity workplace on an equal work for equal pay approach. The Group provides internship and employment opportunities to young industry talent from local universities as well as those from underprivileged backgrounds.

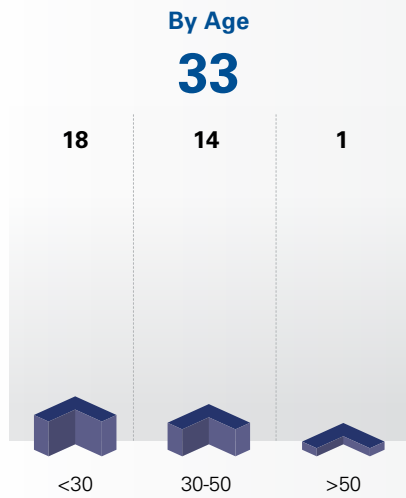
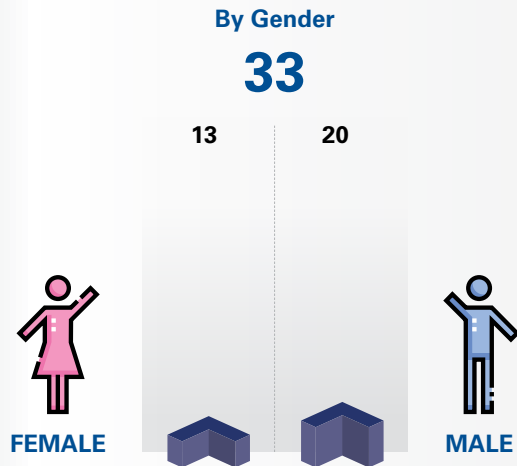
Protasco believes in the value of talent diversity and inclusivity, which is reflected through the multi-cultural and multi-ethnic composition of its workforce. Diversity is viewed as an organisational strength, providing a plurality in perspectives, experiences and in organisational group think, which supports creativity, innovation and the continued cultivation of new ideas and strategies that drive progress.



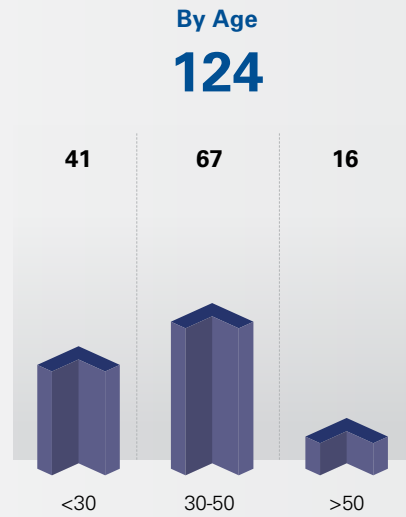
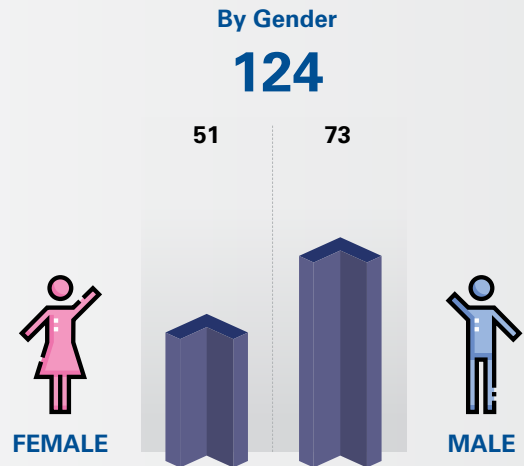
SUSTAINABILITY REPORT

2022 EMPLOYEE RETENTION AND ATTRACTION

Total Number of New Employee Hires



Total Number of Employee Turnover



$$\frac{\text{Number of employees who left}}{(Q1 + Q4)/2} \times 100\% = \frac{124}{(1393/2)} * 100\% = 8.90\%$$

No.	General Workforce Data	2019	2020	2021	2022
1	Total Workforce	1,412	1,439	1,408	1,411
2	Male Employees	893	933	896	938
3	Female Employees	519	508	512	473
4	Malaysian Employees	1,400	1,428	1,399	1,402
5	Foreign Nationals	12	11	9	9
6	Malay Employees	1,266	1,290	1,271	1,286
7	Chinese Employees	64	61	65	70
8	Indian Employees	42	46	40	30
9	Others	23	36	35	26
10	Senior Management Staff	45	46	46	44
11	Management Staff	160	163	156	162
12	Executives	688	691	683	679
13	Non-Executives	519	542	522	525
14	Number of permanent employees	767	767	740	652
15	Number of temporary staff/contracts	645	672	669	759
16	Percentage of permanent employees	54.32%	53.30%	52.56%	46.21%
17	Percentage of employees that are contractors or temporary staff	45.68%	46.70%	47.51%	53.79%
18	Percentage of global staff with a disability	0%	0%	0%	0%
19	Percentage of employees entitled to employee benefits	100%	100%	100%	100%

No.	New Hires Data	2019	2020	2021	2022
1	Total New Hires	120	121	131	170
2	New Hires (Male)	83	93	0	126
3	New Hires (Female)	37	28	87	44
4	New Hires aged 30 and below	62	61	42	115
5	New Hires aged 31-50	49	55	45	51
6	New Hires aged 51-65	9	6	62	4
7	New Hires with disabilities or from underprivileged groups	0	0	0	0

SUSTAINABILITY REPORT

No.	Turnover Data	2019	2020	2021	2022
1	Total Turnover	220	137	131	124
2	Full-Time Staff Voluntary Turnover Rate (%)	0	0	0	0
3	Turnover (Male)	143	89	87	73
4	Turnover (Female)	75	47	42	51
5	Turnover aged 30 and below	37	37	45	41
6	Turnover aged 31-50	102	70	62	67
7	Turnover aged 51-65	51	30	24	16
8	Turnover of staff with Disabilities or from underprivileged groups	0	0	0	0

No.	Gender Breakdown based on Employment Position	2019	2020	2021	2022
1	Number/percentage of female managerial staff	63	74	72	70
2	Number/percentage of male managerial staff	132	137	134	127
3	Number/percentage of female executive staff	327	224	309	302
4	Number/percentage of male executive staff	369	327	381	387
5	Number/percentage of female operational staff	121	113	94	102
6	Number/percentage of male operational staff	399	397	413	423

Training & Development

The professional development of all employees remains a pivotal aspects to Protasco's overall approach to talent management. Staff training and the continuous focus on enhancing professional competencies support the creation of a more skilled and capable workforce that enhance better decision making, higher levels of productivity and ultimately contribute to the realisation of the Group's business goals. Provision of training opportunities also improves employees' motivation and confidence levels, giving them increased belief in the individual professional abilities to undertake jobs.

At times, training is also provided as part of the Group's succession plans and the development of its next echelon of leaders across the Group. Beyond technical skills and qualifications training for line leaders, managers and even those earmarked for senior leadership positions include development of critical-thinking and analytical skills, multi-disciplinary training with a focus on addressing skills and knowledge gaps as well as emphasis on developing soft skills such as communication, sales, media training and more.

Training data has been scoped to FY2022 for this year's reporting and will be expanded on a rolling basis in future reports.

No.	Details	2022
1	Total training hours as a company	12,621
2	Total training spend as a company	RM237,209
3	Total training hours Per Division/Business Unit	11,362
4	Total training spend per Division/Business Unit	RM33,887
5	Average Training Hours Per Employee	8.94
6	Average Training Days Per Employee	1.28
7	Average Training Spend Per Employee	RM560
8	No. of Employees	1,411

No.	Details	2022
1	Average Training Hours Per Employee (Male)	0.49
2	Average Training Hours Per Employee (Female)	0.19
1	Total male employees attended training	695
2	Total female employees attended training	361
3	Total employees attended training	958
4	Percentage employees attended training	68%

No.	Details	2022
1	Total percentage of employees who receive appraisals on a regular basis	100%
2	Total percentage of female employees who receive appraisals on a regular basis	100%
3	Total percentage of male employees who receive appraisals on a regular basis	100%

Details	Clean Energy	Corporate Office	Education	Engineering & Consultancy	Maintenance	Property & KISB PMD	Trading & Manufacturing	Total
Total employees	20	56	293	187	752	63	40	1,411
No. of male employees attended training	11	7	107	36	519	6	9	695
No. of female employees attended training	7	18	104	22	158	40	12	361
Total no. employees attended training	18	25	211	58	677	46	21	1,056
Total no. employees training hours	1,046	374	4,583	796	5,513	200	109	12,621
% attended training	90%	45%	72%	31%	90%	73%	53%	75%
Average training hours	58	15	22	14	8	4	5	12

SUSTAINABILITY REPORT



Occupational Health and Safety

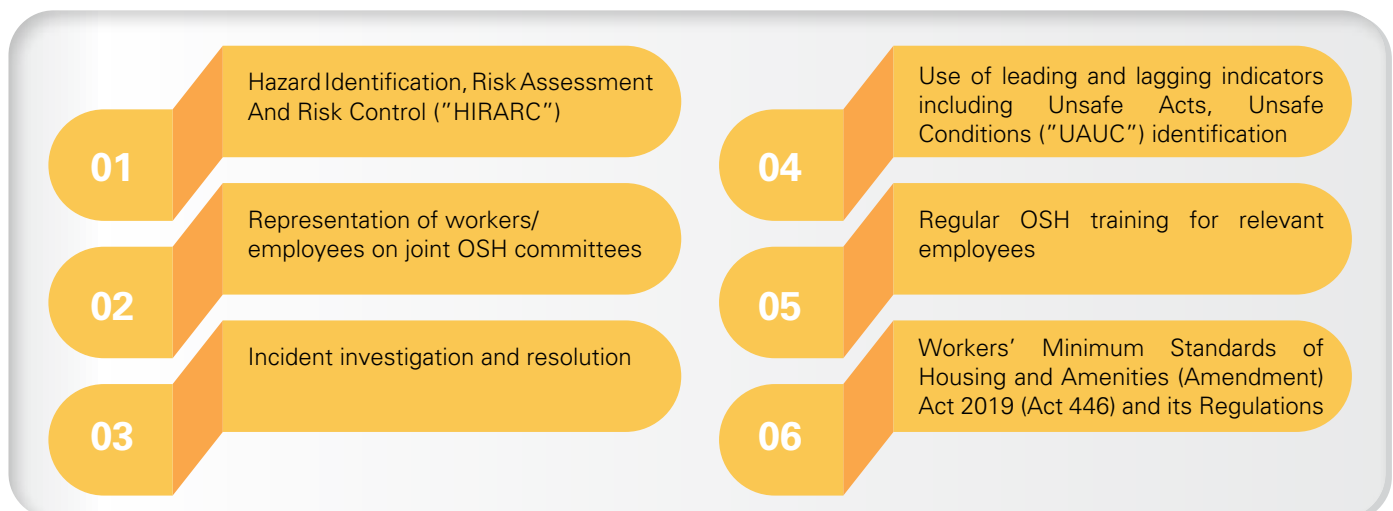
The topic of occupational safety and health (“OSH”) is material to Protasco, given the Group is a construction operation. Good OSH performance is essential as even a single incident can cause significant disruption to work at construction sites. This would affect the completion of projects and ultimately revenue recognition.

In addition, the Group’s reputation may also be affected, which may impact its ability to secure future construction related jobs, to secure financing and may be subject to punitive measures from the authorities such as fines and other censures.

There may also be impact on workers and on the local community which Protasco, as a good corporate citizen intends to avoid at all costs.

Given the importance of OSH, Protasco continues to adhere to all regulations. This includes the Malaysian Occupational Safety and Health Act 1994, Factory and Machinery Act 1967, Environmental Quality Act 1974, regulation orders and other Codes of Practice. HCM Engineering which oversees the Group’s construction arm has adopted a comprehensive The Group’s OSH system in accordance to the ISO 45001:2018 OHSMS is internationally recognised standard. A Group level OSH body monitors and guide OSH towards ensuring compliance with DOSH’s requirements.

Protasco in addition, practises the following:





Health & Safety – Total Manhours Worked

Business Segment	Manhours Worked (2020) (Average overall total number of days worked by workers)				
	Q1	Q2	Q3	Q4	Total
Property & Construction	21,816	20,256	21,840	21,712	85,624
Maintenance	2,201,608	2,097,560	2,216,184	2,296,814	8,812,166
Clean Energy	576	558	528	520	2,182
Education	140,064	132,672	125,088	122,904	520,728
Trading & Manufacturing	19,376	18,104	20,000	21,344	78,824
Total	2,383,440	2,269,150	2,383,640	2,463,294	9,499,524

OSH Training

In FY2022, Protasco has continued to provide OSH related training programmes and courses for staff:

ERP Team - Set up Emergency Response Team (ERT)

Safety Training/ Workshop

COVID-19 - Sanitisation

First Aid Kit

Fire Safety Equipment Audit

Sharing Safety Info at Work

Emergency Evacuation Drill

Safety - Working at Height (Training)

ISO 45001 External Audit AJA

SUSTAINABILITY REPORT

PILLAR
05

PROSPERITY

Contributing to the betterment and development of society is a key aspect of Protasco's approach to value creation. The Group views its continued financial and non-financial support to diverse societal causes as being a fundamental part of its approach to fulfilling its corporate social responsibility ("CSR") commitments. The Group also views its contributions as being consistent in the realisation of multiple SDGs.

In FY2022, Protasco has continued to lend support to a wide range of organisations and charitable programmes. These include schools, community centres, orphanages, aid for flood victims and victims of natural disasters and more.

Details	2022 Group Level Data				Total
	Q1	Q2	Q3	Q4	
Numbers of Philanthropic activities	12	11	15	8	46
Amount spent for the Philanthropic activities	RM243,727	RM97,838	RM407,216	RM492,134	RM1,240,915

No.	List of Community Development Programme
1.	Huan Lian High School - Cash contribution for food fair carnival.
2.	Donation to Temple in Tampin (23 March 2022).
3.	Fundraiser for school hall SJK(C) Damansara.
4.	Donation to temple - Tampin (24 June 2022).
5.	Contribution to LHDN's sports event (12 August 2022).
6.	Ramadhan Iftar & Contributions to the Orang Asli Kg. Ulu Batu Community, Batu Caves Selangor (4 April 2022).
7.	Contribution to Dana Wakaf Ilmu IUKL 2022 (15 April 2022).
8.	Contribution to Dana Tunku Azizah Fertility Foundation (12 June 2022).
9.	Contribution to the Rumah Pengurusan Jenazah Surau Darul Falah, Kg Semariang Baru Fasa 3.
10.	CSR Rescue Boat for State Government Agency, Chief Minister of Sarawak's Office.
11.	Contribution towards purchasing Al Quran Translation in Braille by Pimpinan Ar Rahman for visually impaired Muslims students in Sarawak.
12.	Kongsi Rezeki Ramadhan DAL HCM 2022 Programme.
13.	Empayar Indera Sdn Bhd Chinese New Year CSR.
14.	Contribution towards Poltera Charity and Education fund.
15.	Contribution towards Ride & Gathering Anak Warisan Kampong Pinang ke Lata Tebing Tinggi Selama Perak Programme (11 April 2022).

No.	List of Community Development Programme
16	Hari Raya contribution for single mothers, orphans and the less fortunate (24 April 2022).
17	Contribution to Golongan Asnaf DUN Ulu Kinta Zon 1 Negeri Perak (13 May 2022).
18	Contribution towards INTAP's Ihya Ramadhan 1443 and Aidilfitri Celebration (13 May 2022).
19	Contribution towards Hockey Development Programme and upgrading of a hockey rink for SMK Seri Ampang (4 August 2022).
20	Contribution towards construction of a new surau (4 August 2022).
21	Contribution towards Persatuan Veteran Regimen Semboyan Diraja Cawangan Negeri Perak (PVRSDP) (25 August 2022).
22	Contribution towards purchase of essentials for hardcore poor (25 August 2022).
23	Contribution for flood victims of Daerah Hulu Terengganu (2 March 2022).
24	Contribution of drinking water to flood victims of Daerah Hulu Terengganu (3 March 2022).
25	School supplies assistance for students of Sekolah Kebangsaan Tok Jembal (12 March 2022).
26	Contribution of cows to DUN Rhu Rendang, Maran on the occasion of Qurban 1443H (9 July 2022).
27	Contribution of drinking water to Daerah Kuala Terengganu football team.
28	Contribution to Negeri Perak Darul Ridzuan for charity and community programme (9 November 2022).
29	Contribution for Kejohanan Futsal Terbuka Negeri Perak organised by Kelab Anak Muda Taman Seri Kayan Lekir Piala Dr. Hatta (7 November 2022).
30	Education aid for Mohd Fadzli bin Kala.
31	Education aid for Aiden Syahid bin Supian.
32	School supplies distribution (15 March 2022).
33	Distribution and contribution for Ramadhan & Hari Raya (21 April 2022).
34	Distribution of Bubur Lambuk.
35	Education aid for Fatin Faqihah binti Majid.
36	Education aid for Mohd Fairuz Mu'ad (August 2022).
37	Contribution towards student fees and living expenses.
38	Hostel aid for Nur Alieya bt Che Rus.
39	Hostel aid for Farra Raihana bt Ab Shukkur.
40	Tuition & Hostel fee aid for Khairil Akhmar b Mat Pairon.
41	Pocket money for Siti Anis Nasari.
42	Tuition fees for Batrishah Ridzat.
43	Tuition fees for Fatin Nur Arifah.
44	Tuition fees for Nureen Zaini.
45	School aid for children of Protasco Bhd staffs.
46	Contribution of Dates for staff for Hari Raya 2022 (13 April 2022).

BOARD OF DIRECTORS

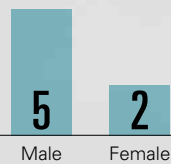
THAM WEI MEI
Independent
Non-Executive Director

**DATO' SRI SU-AZIAN @
MUZAFFAR SYAH
BIN ABD RAHMAN**
Executive Director

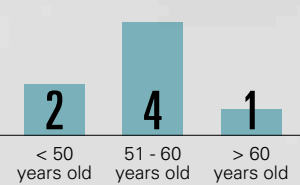
**DATO' SRI IR
CHONG KET PEN**
Executive Chairman



Board Gender



Board Age



**DATO' IR KENNY
CHONG THER NEN**
Group Managing Director

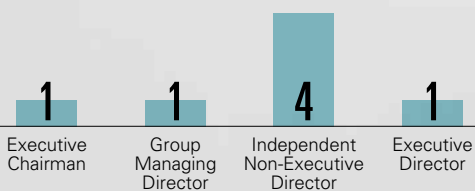
**CELINE CHAN
HOOI LI**
Independent
Non-Executive Director

**DATO' TAN
YEE BOON**
Independent
Non-Executive Director

**SUHAIMI BIN
BADRUL JAMIL**
Senior Independent
Non-Executive Director



Board Composition



Board Tenure



PROFILE OF DIRECTORS

DATO' SRI IR CHONG KET PEN

Executive Chairman

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	68	Male	Director of Protasco Berhad since 18 May 2001	None

Education & Qualification

- Registered Chartered Engineer with the United Kingdom's Engineering Council, 1987
- Member of the Institution of Civil Engineers, United Kingdom, 1985
- Member of the Institute of Engineers Malaysia (IEM), 1984
- Registered Professional Engineer with the Board of Engineers Malaysia (BEM)
- Master of Philosophy (Civil Engineering) degree, University of Birmingham, United Kingdom, 1990
- Bachelor of Engineering (Honours) degree from the University of Malaya, 1979

Skills & Experience

Dato' Sri Ir Chong Ket Pen is the founder of Protasco Berhad Group of Companies.

He is a road pavement specialist with extensive experience in the evaluation, design, construction and maintenance of roads and pavements.

Upon graduating from the University of Malaya in 1979, he joined the Public Works Department of Kelantan (JKR Kelantan) as a Road Design Engineer.

He was promoted to Project Engineer where he supervised the construction of roads and bridges in southern Kelantan.

Equipped with invaluable design and site experience in roads and bridges, he was transferred to the Design and Research Branch of the JKR Headquarters, to become a Senior Research Engineer.

He pursued a Master's degree at the University of Birmingham while carrying out research works in the field of pavement engineering, and was conferred a Master of Philosophy (Civil Engineering) degree in 1990.

In 1991, he left the public sector and founded Protasco Berhad.

Dato' Sri Ir Chong Ket Pen was appointed the Executive Chairman of Protasco Berhad on 1 January 2020.

Other Public Company Directorship & Offices

Dato Sri is currently the President of the Federal Hopo Association of Malaysia, President of KL-Selangor Hopo Association, Chairman of the Malaysia Hopo Cultural Foundation, and the Deputy President of the KL-Selangor Chinese Assembly Hall.

DATO' IR KENNY CHONG THER NEN

Group Managing Director

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	42	Male	Director of Protasco Berhad since 1 January 2020	<ul style="list-style-type: none"> A member of the Board Risk Management Committee

Education & Qualification

- Professional Engineer, Board of Engineers Malaysia (BEM), 2010
- Corporate Member, Institute of Engineering, Malaysia (IEM), 2010
- A member of the Institute of Engineers, Australia, 2004
- Master of Engineering Science, University of Melbourne, Australia, 2005
- Bachelor of Civil Engineering (Honours), University of Melbourne, Australia, 2003

Skills & Experience

Dato' Kenny Chong is the Group Managing Director of Protasco Berhad since 1 January 2020.

Upon graduating with a Masters in Engineering in 2005, Dato' Kenny Chong was employed by VicRoads Australia as a Senior Pavement Engineer in Technical Consulting until 2008.

At VicRoads, he was exposed to design and supervision works for road pavements. In addition, he was also the principal engineer tasked to develop a condition assessment module for most of the major freeways in the state of Victoria.

Upon returning to Malaysia, he joined Kumpulan Ikram Sdn Bhd's Infrastructure Research & Development Center (IRDC) as a Senior Engineer. He was involved in geotechnical and pavement design works and various research works.

He was promoted to Director at Ikram Centre of Excellence for Sustainability & Green Technology (ICSG), where he championed the organisation's green technology initiatives, implementing sustainability best practices such as the 3R policies, reducing energy consumption, and setting up a recycling collection center, in De Centrum City.

In 2012, Dato' Kenny Chong took on the role of Special Assistant to the Group Managing Director of Protasco Berhad, where he contributed to the company's operations and business development.

He was appointed Executive Director for International Business & Property Development Division in 2013; and in 2014, he was promoted to Managing Director of Protasco Berhad's Property & Infrastructure Division. Under his leadership, the division secured several government housing projects, including the Projek Perumahan Penjawat Awam with a contract value of close to RM1 billion.

Prior to his appointment as the Group Managing Director of Protasco Berhad, he was the Managing Director overseeing Protasco's Construction; Property; Trading & Manufacturing divisions, Corporate Security; and Special Projects departments, demonstrating his versatility and ability to manage diverse business operations effectively.

Other Public Company Directorship & Offices

None

Dato' Ir Kenny Chong Ther Nen is the eldest son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad.

PROFILE OF DIRECTORS

DATO' SRI SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN**Executive Director**

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	58	Male	Director of Protasco Berhad since 16 December 2014	None

Education & Qualification

- Certificate in Business Management, Malay Chamber of Commerce (BBMC), 1988

Skills & Experience

Dato' Sri Muzaffar Syah is the Managing Director of the Maintenance Division of Protasco Berhad.

He brings with him years of invaluable experience in business development. From 2001 to 2012, he was the Chief Executive Officer of Molek Engineering Sdn Bhd. He also held director positions in GIA Consult Sdn Bhd from 2006 to 2012 and Papan Agro Valley Sdn Bhd from 2007 to 2012.

Other Public Company Directorship & Offices

None

SUHAIMI BIN BADRUL JAMIL

Senior Independent Non-Executive Director

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	60	Male	Director of Protasco Berhad since 16 December 2014	<ul style="list-style-type: none"> Chairman of the Audit Committee

Education & Qualification

- Chartered Accountant (Malaysia) with the Malaysian Institute of Accountants
- Fellow of CPA Australia
- Post Graduate Diploma in Business Administration, University of Wales Trinity Saint David, 2020
- Master of Business Administration from Deakin University, Australia, 2004
- Graduate Diploma in Accounting, Australian National University, 1986
- Bachelor of Economics (with specialisation in Accounting), Australian National University, 1985

Skills & Experience

Suhaimi is a highly accomplished and experienced leader with corporate expertise in areas such as transformation, value management, restructuring, finance, risk management, turnaround management, cross-border investments, mergers & acquisitions, and strategic management.

He began his career in the audit and financial consulting department of an international chartered accounting firm. He then transitioned to the corporate sector, where he held a series of senior positions, including Group Financial Controller, Group General Manager, and as Group Executive Director, in a Malaysian conglomerate with diversified business interests that include property development, transportation, insurance and banking, plantation, construction, manufacturing and investment holdings.

Suhaimi's experience extends to board directorships in public listed companies and licensed financial institutions, where he contributed significantly to their growth and success. He served as Chairman of the Board for MEMS Technology Berhad and held directorship positions in Petra Energy Berhad, Credit Corporation (M) Berhad, MIMB Investment Bank Berhad, Gadek Capital Berhad, SPK-Sentosa Corporation Berhad, Intrakota Consolidated Berhad, eB Capital Berhad, and SJ Kumpulan Berhad. In addition, he served as an Executive Director with Ferrier Hodgson MH and Baker Tilly MH.

Other Public Company Directorship & Offices

None

PROFILE OF DIRECTORS

DATO' TAN YEE BOON**Independent Non-Executive Director**

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	48	Male	Director of Protasco Berhad since 18 January 2013	<ul style="list-style-type: none"> • Chairman of the Nomination & Remuneration Committee • A member of the Audit Committee • A member of the Board Risk Management Committee

Education & Qualification

- Admitted as an Advocate & Solicitor, High Court of Malaya, 1999
- Certificate of Legal Practice from Malaysia, 1998
- Bachelor of Law (Honours) degree from University of South Wales, 1997

Skills & Experience

Dato' Tan Yee Boon possesses more than 21 years of experience in contentious and non-contentious legal matters with specialisation in corporate, commercial, litigation and advisory works.

Dato' Tan focused on matters such as initial public offering, transactions involving public listed companies, mergers and acquisitions and has acted for various listed companies in matters relating to listing requirements and the Takeover Code.

He also has vast experience in compliance and advisory work for listed companies in Malaysia as well as general commercial work such as corporate restructuring and cross-border transactions.

Other Public Company Directorship & Offices

He is a Director of Binasat Communications Berhad and Propel Global Berhad (formerly known as Daya Materials Berhad). He is also Director of EV Dynamic Holdings Limited and TIL Enviro Limited, companies listed on the Hong Kong Stock Exchange.

Dato' Tan is the Chairman of Ecoscience International Bhd.

THAM WEI MEI

Independent Non-Executive Director

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	56	Female	Director of Protasco Berhad since 1 January 2018	<ul style="list-style-type: none"> A member of the Nomination & Remuneration Committee

Education & Qualification

- Professional Certificate in Nutritional Medicine, School of Complementary and Traditional Medicine, affiliated with University College Yayasan Pahang, 2021
- Degree in Mass Communications, Universiti Sains Malaysia, 1991

Skills & Experience

Tham Wei Mei has over 30 years of experience in the fields of mass media, communications, journalism, marketing, publishing and public relations, having served companies locally and abroad.

Her career started in Jakarta before she headed to Cambodia. Based in Phnom Penh, she was a journalist and Assistant Bureau Chief for The Cambodia Times newspapers which were published in English and Khmer languages.

While in Cambodia, Tham was also the principal writer in the publication of a United Nations newsletter, called The Peacekeeper.

She returned to Malaysia to serve in a US telco services company with clients in Hong Kong, Singapore, Indonesia and Thailand.

Tham left to set up Alpha Platform Sdn Bhd, a public relations consultancy where she served GLCs, MNCs and government agencies, working on national issues, crisis, lobbying, mergers and acquisitions as well as on corporate exercise. She is also actively involved in social media campaigns.

Tham is also a qualified nutritional therapist and a member of the Association of Nutritional Medicine Practitioners, Malaysia.

Other Public Company Directorship & Offices

None

PROFILE OF DIRECTORS

CELINE CHAN HOOI LI**Independent Non-Executive Director**

Nationality	Age	Gender	Term of Office	Board Committee
Malaysian	53	Female	Director of Protasco Berhad since 1 January 2020	<ul style="list-style-type: none"> • Chairman of the Board Risk Management Committee • A member of the Audit Committee • A member of the Nomination & Remuneration Committee

Education & Qualification

- Bachelor of Business (Accounting), RMIT Melbourne Australia, 1993

Skills & Experience

Celine is the Managing Director for Webhelp Group, Asia Pacific since 2018. Prior to that, she was the CEO of one of the largest share registrar company in Malaysia, before she held the CEO and Managing Director posts at TMF Group Malaysia from 2014 to 2017.

Celine started her career as an auditor in one of the major accounting firms before moving to a start-up company in records management and growing it into a leading player in Malaysia.

She has more than 20 years of experience in senior management positions in various industries which includes logistics, IT & business process outsourcing and capital markets. Her skills and expertise are in the areas of growth and strategic planning, organisational restructuring, Risks Management & internal controls, corporate governance, people management, Bursa rules and regulations, among others.

Celine is a member of the Institute of Corporate Directors of Malaysia (ICDM).

Other Public Company Directorship & Offices

None

Notes:

- Save as per disclosed, none of the Directors have any family relationship with each other and with any substantial shareholders of the Company.
- None of the Directors have any conviction for offences, other than traffic offences, for the past five years and have no public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2022.
- Other than Dato' Sri Ir Chong Ket Pen's interests in related party transactions as disclosed in Note 43 on page 192 of the Financial Statements, none of the other Directors have conflict of interest with the Company.
- The Directors' shareholdings in the Company are disclosed in the Analysis of Shareholdings section of the Annual Report.

Sound _____
CORPORATE GOVERNANCE
is fundamental to maintaining
stakeholders' trust. Protasco strives
to progressively attain higher standards
of corporate governance, establishing a
management culture that goes beyond
regulatory compliance and industry
conformance to realise our commitment
to all our stakeholders.



SENIOR MANAGEMENT TEAM



1 DATO' IR KENNY CHONG THER NEN
Group Managing Director, Protasco Berhad

2 DATO' SRI SU-AZIAN @ MUZAFFAR SYAH BIN ABD RAHMAN
Managing Director, Maintenance Division

3 FREDDIE CHEONG KAH WANG
Chief Financial Officer, Protasco Berhad

4 BENNY CHONG THER VERN
Executive Director, Engineering, Industries & Agriventures Division

5 DENNY CHONG THER SHERN
Executive Director, Clean Energy Division



6



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11

6 IR EDWARD KHOO MONG WEI
Executive Director, Property &
Construction Division

7 DATO' RONNIE YAP KEE TIAN
Executive Director, Trading &
Manufacturing Division

8 DATO' WAN IMRAN BIN WAN OMAR
Chief Executive Officer, Maintenance
Division

9 DATO' TS HAJI MOHD TAUFIK BIN HARON
Chief Executive Officer, Engineering &
Consultancy Services Division

10 LENNY CHONG THER ZERN
Executive Director, Education Division

11 PROFESSOR DATO' DR. NOOR INAYAH BINTI YA'AKUB
President & Vice-Chancellor,
Infrastructure University Kuala Lumpur

PROFILE OF SENIOR MANAGEMENT TEAM

Dato' Ir Kenny Chong Ther Nen

Group Managing Director, Protasco Berhad
Malaysian, Age 42, Male

 Please refer to profile of Directors on page 59.

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman

Managing Director, Maintenance Division
Malaysian, Age 58, Male

 Please refer to profile of Directors on page 60.

Freddie Cheong Kah Wang

Chief Financial Officer, Protasco Berhad
Malaysian, Age 56, Male

Work Experience

- Chief Financial Officer, Vertice Berhad, 2018
- Associate Director, Sierac Corporate Advisers Sdn Bhd, 2012
- Group Financial Controller, Malaysia Pacific Corporation Berhad, 2012
- Project Manager (Finance), Powertek Berhad, 2011
- Head Of Finance, Mahmood Security (Malaysia) Sdn Bhd, 2008
- Senior Finance Manager, Ranhill Berhad, 2005
- Financial Controller, Steel Circle Industries Sdn Bhd, 2000
- Finance & Administration Manager, Impsa Asia Sdn Bhd, 1997
- Accountant, Aggreko (Malaysia) Sdn Bhd, 1995
- Accountant, Malaysian United Manufacturing Berhad, 1993
- Executive, Pacific & Orient Insurance Company Sdn Bhd, 1989

Qualification

- Chartered Accountant, Malaysian Institute of Accountants, 1993
- Association of Chartered Certified Accountants, United Kingdom, 1993

Date Appointed to Key Senior Management Position

July 2019

PROFILE OF SENIOR MANAGEMENT TEAM

Benny Chong Ther Vern**Executive Director, Engineering, Industries & Agriventures Division****Malaysian, Age 40, Male****Work Experience**

- Executive Director, Engineering, Education & Industries, Protasco Berhad, 2019
- Executive Director, Engineering & Consultancy Services, Education and Clean Energy, Protasco Berhad, 2018
- Executive Director, Group Corporate Office, Protasco Berhad, 2017
- Business Development Consultant, Protasco Berhad & Head of De Centrum Mall, De Centrum Development Sdn Bhd, 2016
- Managing Director, Tutti Frutti Australia Pty Ltd, 2011
- Head of After Sales Service, XiMAX Communications Sdn Bhd, 2009
- Electronic Engineer, XiMAX Communications Sdn Bhd, 2006

Qualification

- Master of Sustainable Energy, RMIT University, Melbourne, Australia, 2011
- Master of Finance, RMIT University, Melbourne, Australia, 2005
- Bachelor of Electronic Engineering (Honours), RMIT University, Melbourne, Australia, 2003
- Graduate Member, Institute of Engineers, Malaysia, 2010

Date Appointed to Key Senior Management Position

January 2017

Benny Chong Ther Vern is the son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad and sibling of Dato' Ir Kenny Chong Ther Nen, Group Managing Director.

Denny Chong Ther Shern**Executive Director, Clean Energy Division****Malaysian, Age 36, Male****Work Experience**

- Director, Clean Energy Division, Protasco Berhad, 2018
- Director, IKRAM Greentech Sdn Bhd, 2017
- Director, i2 Energy Sdn Bhd, 2017
- Director, i2 Solarpark One Sdn Bhd, 2017
- Head, Special Projects, Protasco Berhad, 2015
- Technical Head, Special Projects, Protasco Berhad, 2014
- Project Manager, C&H Engineering Consultants Sdn Bhd, 2013
- Project Engineer, C&H Engineering Consultants Sdn Bhd, 2011

Qualification

- Master in Environmental Engineering, University of Melbourne, Australia, 2010
- Bachelor of Engineering (Civil), (Honours), University of Melbourne, Australia, 2009

Date Appointed to Key Senior Management Position

January 2018

Denny Chong Ther Shern is the son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad and sibling of Dato' Ir Kenny Chong Ther Nen, Group Managing Director.

PROFILE OF SENIOR MANAGEMENT TEAM

Ir Edward Khoo Mong Wei

Executive Director, Property & Construction Division

Malaysian, Age 45, Male

Work Experience

- Executive Director, Property Development Division, Protasco Berhad, 2013
- Director, Protasco Development Sdn Bhd, 2013
- Project Director, Protasco Development Sdn Bhd, 2009
- Project Engineer, with Cardno Grogans Richards in Melbourne, Australia, 2007
- Project Manager, Mahajaya Berhad, 2004
- Structural Engineer, Sepakat Setia Perunding, 2001

Qualification

- Chartered Professional Engineer Of Australia (CP Eng), 2007
- Professional Engineer Membership, National Professional Engineering Register, Australia (NPER), 2007
- Professional Engineer Membership, Board of Engineer Malaysia (BEM), 2006
- Professional Engineer Membership, Institute of Engineer Malaysia (IEM), 2006
- Green Building Index (GBI) Accredited Facilitator, 2010
- Bachelor of Engineering (Civil), (Honours), University of Melbourne, Australia, 2000

Date Appointed to Key Senior Management Position

January 2009

Dato' Ronnie Yap Kee Tian

Executive Director, Trading & Manufacturing Division

Malaysian, Age 49, Male

Work Experience

- Executive Director, Protasco Trading Sdn Bhd, 2014
- General Manager, Protasco Trading Sdn Bhd, 2001
- Assistant Manager, Marketing, Protasco Trading Sdn Bhd, 1997

Qualification

- B.A. (Honours) in Business Administration, University of Coventry, United Kingdom, 1995
- Certificate in Business Administration & Higher Diploma Business Administration, INTI College, Petaling Jaya, 1994

Date Appointed to Key Senior Management Position

July 2001

PROFILE OF SENIOR MANAGEMENT TEAM

Dato' Wan Imran Bin Wan Omar**Chief Executive Officer, Maintenance Division****Malaysian, Age 49, Male****Work Experience**

- Chief Operating Officer, Maintenance Division, Protasco Berhad, 2015
- Assistant General Manager, Roadcare (M) Sdn Bhd, 2013
- Contracts Manager, Roadcare (M) Sdn Bhd, 2007
- Kerteh Area Manager, Roadcare (M) Sdn Bhd, 2007
- Quantity Surveyor, Roadcare (M) Sdn Bhd, 2006
- Contracts Officer, Roadcare (M) Sdn Bhd, 2002
- Senior Quantity Surveyor, Pasir Puteh Development Corporation Sdn Bhd, 2001
- Site Quantity Surveyor, Ranhill Bersekutu Sdn Bhd, 1999
- Assistant Contracts Manager, Pengurusan KPRJ Ranhill Sdn Bhd, 1997

Qualification

- Master of Business Administration (Construction Business), International Islamic University Malaysia, 2015
- Bachelor in Quantity Surveying, Universiti Teknologi Malaysia, 1997

Date Appointed to Key Senior Management Position

September 2015

Dato' Ts Haji Mohd Taufik Bin Haron**Chief Executive Officer, Engineering & Consultancy Services Division****Malaysian, Age 50, Male****Work Experience**

- Chief Executive Officer, IKRAM Works Sdn Bhd, 2023
- Chief Executive Officer, Kumpulan IKRAM Sdn Bhd, 2019
- Executive Director, Group Business Development, Roadcare (M) Sdn Bhd, 2018
- Executive Director, HCM Engineering Sdn Bhd, 2016
- Chief Operating Officer, Protasco Berhad, 2014
- Chief Operating Officer, Kumpulan IKRAM Sdn Bhd, 2013
- Head of Geotechnical Forensic Unit, Kumpulan IKRAM Sdn Bhd, 2007
- Senior Engineer, Kumpulan IKRAM Sdn Bhd, 2005
- Senior Engineer (Research & Development Centre), Kuala Lumpur Infrastructure University College (KLIUC), 2003
- Geotechnical Engineer, IKRAM R&D Centre, 2002
- Geotechnical Engineer, IKRAM Runding Sdn Bhd, 2001
- Project Engineer, Geopancar Sdn Bhd, 2000
- Project Manager, Shinei Engineering & Bauer, 1999
- Site Manager, Bachy Soletanche (M) Sdn Bhd, 1998
- Trainee Engineer, Bachy Soletanche (M) Sdn Bhd, 1996

Qualification

- Professional Engineer Membership, Institute of Engineers Malaysia (IEM), 2015
- Professional Engineer Membership, Board of Engineers Malaysia (BEM), 2014
- Bachelor in Civil Engineering, Universiti Putra Malaysia, 1997

Date Appointed to Key Senior Management Position

January 2014

PROFILE OF SENIOR MANAGEMENT TEAM

Lenny Chong Ther Zern**Executive Director, Education Division****Malaysian, Age 29, Male****Work Experience**

- Corporate Finance Manager, Protasco Berhad, 2020
- Assistant Manager, OCBC Bank, 2019
- Associate, OCBC Bank, 2018
- Office Administrator, Tutti Frutti Frozen Yogurt, Australia 2013

Qualification

- CFA® charterholder, CFA Institute, 2022
- Master of Finance, University of Melbourne, Australia, 2017
- Bachelor of Commerce, Accounting & Finance, University of Melbourne, 2015

Date Appointed to Key Senior Management Position

January 2022

Lenny Chong Ther Zern is the son of Dato' Sri Ir Chong Ket Pen, Executive Chairman who is a major shareholder of Protasco Berhad and sibling of Dato' Ir Kenny Chong Ther Nen, Group Managing Director.

Professor Dato' Dr. Noor Inayah Binti Ya'akub**President & Vice-Chancellor, Infrastructure University Kuala Lumpur****Malaysian, Age 54, Female****Work Experience**

- Chairman, Board of Director AmanahRaya Trustees Bhd, 2022
- President of the Halal Economy Council, 2022
- Member of Majlis Penasihat Kebangsaan by MoHE, 2022
- President and Vice-Chancellor, Infrastructure University Kuala Lumpur, 2021
- Chief Executive Officer and Rector, Baitulmal Professional College of Federal Territory of Islamic Council, 2019
- Independent Non Executive Board of Director, Amanah Raya Berhad, 2018
- Board of Trustee, Yayasan Amanah Raya, 2018
- Professor of Law and Syariah, Putra Business School, Universiti Putra Malaysia, 2018
- Dean, School of Business, Universiti Selangor, 2017
- Syariah Committee Amanah Raya Berhad, 2016
- Honorary Professor University Sains Malaysia, 2016
- Professor, Universiti Islam Malaysia, 2015
- Professor, Universiti Kebangsaan Malaysia, 2011
- Professor, Graduate School of Business, Universiti Kebangsaan Malaysia, 2010
- Deputy Dean for Research, Top Business School of Graduate School of Business, Universiti Kebangsaan Malaysia, 2010
- Director, Corporate Planning Centre, Universiti Kebangsaan Malaysia, 2009
- Visiting Scholar, University of Kyoto Japan, 2009
- Visiting Scholar, University of Andalas Indonesia, 2008
- Senior Lecturer, Universiti Kebangsaan Malaysia, 2005
- Quality Officer, Universiti Kebangsaan Malaysia, 2002
- Lecturer, Law Faculty, Universiti Kebangsaan Malaysia, 1998
- Qualified Advocate and Solicitor, High Court of Malaya, 1996
- Qualified Shariah Lawyer, 1996

PROFILE OF SENIOR MANAGEMENT TEAM

Qualification

- PhD (Law), University of Manchester, England, 2002
- Master of Law (LLM), University of Bristol, England, 1995
- Second Degree of LLB (Syariah Law), Bach. of Syariah (Hons), International Islamic University Malaysia, 1994
- First Degree of LLB (Law), Bach. of Law (Hons), International Islamic University Malaysia, 1993
- Matriculation Centre (Law), International Islamic University Malaysia, 1988

Notable Achievements

- Appointed by Majlis Raja-Raja Melayu as a member of the main committee for Islamic Law Malaysia, 2022
- First female Nazir in Selangor (Masjid Ikram, IUKL) for 2023-2025, 2022
- First female President and Vice-Chancellor of IUKL, 2021
- Top 22 of the world's most influential Islamic Finance & Business, Cambridge 2019 and 2020
- Best Law Professor, Golden Globe Tigers for Education Leadership, 2019
- Best (Tokoh) Maal Hijrah (Federal Territory for the category of Scholars), 2019

Date Appointed to Key Senior Management Position

January 2022

Notes:

- (i) *Save as per disclosed, none of the Senior Management have:*
- any family relationship with any Directors and/or major shareholders of the Company*
 - any conflict of interest with the Company*
 - any directorship in public companies*
- (ii) *None of the Senior Management have any convictions for offences other than traffic offences within the past five years.*
- (iii) *None of the Senior Management have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 31 December 2022.*

AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Audit Committee ("AC") Report which provides insights into the manner in which the AC discharged its functions for the Company and Group in 2022.

The AC (as a sub-committee of the Board) plays a substantial role in providing assistance to the Board in fulfilling its oversight responsibilities through review of financial information and provides an unbiased review of the effectiveness and efficiency of the Group's internal controls from an independent perspective. This is to ensure the Group's alignment to best practices and that the Group operates efficiently in a dynamic market environment.

COMPOSITION AND ATTENDANCE

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors.

As at the date of this Annual Report, the composition of the AC is as follows:

Members	Date of Appointment
Suhaimi Bin Badrul Jamil <i>Chairman (Senior Independent Non-Executive Director)</i>	16 th December 2014
Dato' Tan Yee Boon <i>Member (Independent Non-Executive Director)</i>	7 th August 2014
Celine Chan Hooi Li <i>Member (Independent Non-Executive Director)</i>	1 st January 2020

The current composition of the AC and the qualifications of its members comply with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad.

The Nomination and Remuneration Committee reviews the terms of office and performance of the AC and each of its members annually to determine whether they have carried out their duties in accordance with their terms of reference.

MEETINGS

A total of five (5) AC meetings were held during the financial year ended ("FYE") 31 December 2022 and the attendance of the meetings are as follows:

Members	No. of Meetings Attended
Suhaimi Bin Badrul Jamil	5/5
Dato' Tan Yee Boon	5/5
Celine Chan Hooi Li	5/5

The Company's Chief Financial Officer ("CFO") was invited to attend the meetings to facilitate deliberations as well as to provide clarification on external audit issues. The meetings were also attended by Head of Corporate Assurance to present internal audit report and attended by the acting Head in the absence of the Head of Corporate Assurance. Upon invitation, the external auditors to discuss on the Management Letters, Audit Review Memorandum and other matters deemed relevant.

The Company Secretaries act as secretary to the AC. The Company Secretaries shall cause minutes to be entered in the books for purpose of recording all resolutions and proceedings transacted and shall be kept at the registered office of the Company for inspection by any members of the AC or the Board. Such minutes shall be signed by the Chairman of the meeting and if so signed, shall be the conclusive evidence. Minutes of each meeting shall also be distributed to all attendees of the AC meetings and presented to the members of the Board at the Board meeting for noting. The AC, through its Chairman, shall report to the Board at the next Board meeting after each AC meeting. When presenting any recommendation to the Board, the AC will provide such background and supporting information as may be necessary for the Board to make informed decisions.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

During the financial year 2022, the AC carried out its duties as set out in its Terms of Reference. A summary of work performed by the AC are as follows:

1) Financial Reporting

- a) Reviewed the Group's quarterly unaudited financial results and audited financial statements to ensure compliance with the MMLR, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending to the Board for approval.
- b) Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements.
- c) Obtained assurance from the CFO that:
 - i) appropriate accounting policies had been adopted and applied consistently;
 - ii) the going concern basis applied in the audited financial statements and quarterly financial results was appropriate;
 - iii) adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the Financial Reporting Standards and MMLR; and
 - iv) the relevant financial statements for the financial year ended 31 December 2022 gave a true and fair view of the state of affairs of the Group.

2) External Audit

- a) The AC was briefed by the External Auditors on the Audit Review Memorandum in respect of the audit for the financial year ended 31 December 2022.
- b) The draft Audited Financial Report for financial year ended 2022 was tabled to the AC for review and deliberation, and recommendations were made to the Board for approval.
- c) The AC reviewed and approved the draft Statement on Risk Management and Internal Control ("SRMIC") for recommendation to the Board subject to clearance to be received from the External Auditors.
- d) The AC conducted an assessment of External Auditors and reviewed the competencies and resources, provision of non-audit services, rotation of audit partner and communication with the Management. The AC was satisfied with the External Auditors' technical competency and audit independence. As such, the Audit Committee agreed to propose for the re-appointment of External Auditors for the next financial year.

AUDIT COMMITTEE REPORT

2) External Audit (Cont'd)

- e) The AC held private meetings with the External Auditors twice during the financial year under review on 20 February 2023 and 12 April 2023 without the presence of the Management.

3) Internal Audit

- a) The AC reviewed and deliberated on audit reports, follow-up reports, audit recommendations and management responses, prepared by the Internal Audit Function in Corporate Assurance Department ("CAD") at AC's quarterly meetings.
- b) The AC reviewed and approved the Annual Internal Audit Plan for Financial Year 2023 as proposed by the Head of Corporate Assurance, to ensure the adequacy of resources, coverage and inclusion of risk areas in the scope of review.
- c) The AC reviewed the corrective actions taken by management in addressing and resolving issues as well as ensuring that all issues were adequately addressed on a timely basis.
- d) The AC reviewed the structure of CAD and adequacy of its resources and budget.
- e) The AC reviewed the AC Report prepared by Head of Corporate Assurance for inclusion in the Annual Report 2021.

INTERNAL AUDIT FUNCTION

The internal audit function in CAD, reports to the AC and assists the Board in monitoring and managing risks and internal controls. The principal responsibility of the Internal Audit Function is to undertake an independent, regular and systematic review of the system of internal control so as to provide reasonable assurance that internal controls and risks are satisfactorily monitored and managed within the Group.

The reviews were performed in accordance with the International Professional Practices Framework ("IPPF"). This involved compliance to its code of ethics, commitment to ongoing learning, improvement to its skills and competency and risk-based audit works. CAD has carried out the following works during the financial year to achieve the above objectives:

- i) Reviewing and assessing the effectiveness and adequacy of risk management and internal controls of various operating divisions within the Group;
- ii) Conducting special reviews, audits and investigations on an ad-hoc basis as requested by the AC or the Management;
- iii) Reviewing and assessing the compliance with the established policies and procedures;
- iv) Identifying opportunities to improve the operations and business processes in the Group; and
- v) Recommending improvements to the existing internal controls in the Group.

Total costs incurred by CAD to discharge its functions and responsibilities in 2022 were approximately RM470,000 (2021: RM500,000).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Protasco Berhad (“the Board”) believes in good corporate governance practices that are in line with the principles, requirements, and best practices specified in the Malaysian Code on Corporate Governance 2021 (MCCG 2021).

THE ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is aware of its accountability to the shareholders and various stakeholders of Protasco Berhad in discharging its duty and regulatory role in building a sustainability business.

The Board is responsible for delivering shareholder value over the long term through the Group’s culture, strategy, values and governance. The Independent Directors have a particular responsibility in challenging the Group’s strategy and monitoring the performance of Executive Directors against goals and objectives.

The Board is supported by the Audit, Nomination and Remuneration and Risk Management Committees.

Decisions on operational matters and the day-to-day management of the business are delegated to the Group Managing Director and senior management. These include implementing group policy and procedures, managing clients and contractor services, monitoring financial performance and human resource management.

Board Charter

The Board has adopted a Board Charter which serves as a reference for the Directors.

The Board Charter sets out the roles, functions, composition, operations and processes of the Board which are intended to ensure that all the Board members are fully aware of their obligations in discharging their duties and responsibilities.

The Board Charter is subject to periodic review by the Board to ensure that it remains consistent with the Board’s roles and responsibilities, changing needs of the Company as well as any development in the prevailing legislation and practices.

The Board Charter is available for reference at the company’s website www.protasco.com.my.

Code of Conduct

A Director’s Code of Conduct is set out as the rules and values for the Directors in conducting their duties and responsibilities to the highest ethical standards.

The Director’s Code of Conduct is available for reference at the company’s website www.protasco.com.my.

Board Information

Board papers containing current quarter results, business plans, proposed projects, business risk, governance and litigation updates are distributed in advance of the meeting to allow Directors to have sufficient time for preparation. The Board received presentations from the Group Managing Director and senior management on issues within the Group.

Company Secretary

Both company secretaries are qualified to act as company secretary under Section 235 of the Companies Act 2016. They are both members of the Malaysia Institute of Chartered Secretaries and Administrators (“MAICSA”). The company secretaries provide support to the Board in fulfilling their fiduciary duties. They are responsible in advising the Board with regards to the Company’s constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislations as well as best practices of corporate governance. All Directors have access to the advice and services of the company secretaries. The company secretaries ensure deliberations of Board and Board Committee meetings are well documented and maintained at the registered office of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Promote Sustainability

The Board recognises that sustainability is an integral part of its business. It supports the environmental, economic and social sustainability in business operations.

For further information, please refer to the Sustainability Report on pages 24 to 55.

The Sustainability Policy is available for reference at the company's website www.protasco.com.my.

Professional Advice

The Company provides the Board with full assistance and gives it complete access to necessary material and relevant information. Together with proper counsel from qualified company secretaries and others, the Board has been able to discharge its functions properly. The Directors are also encouraged to make verifications and endorsements, and to seek external guidance.

Whistleblowing

The Board encourages employees and associates to report suspected or known misconduct, wrongdoing, corruption and instances of fraud, waste, and abuse involving the resources of the Group.

Whistleblowing Policy enables employees and associates to raise their concerns without fear.

The Whistleblowing Policy is available for reference at the company's website www.protasco.com.my.

The following channels should be used by employees and associates to raise their concerns:

- Via email : whistleblow@protasco.com.my
- In writing to : The Chairman of the Audit Committee, Protasco Berhad, 2nd Floor, Corporate Block, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor. Tel: 03 8738 3388

Composition of the Board

The Board aims to have diversity of skills, experience, knowledge and gender. The profiles of the Directors are set out on pages 58 to 64. These demonstrate a broad range of experience, expertise and sufficient calibre to bring independent judgement on issues of strategy, performance, resources and standards of conduct, which are vital to the success of the Group.

At present, there are seven (7) members of the Board comprising four (4) Independent Non-Executive Directors and three Executive Directors. There are two (2) female Board Members representing 28% female representation on the Board.

The Diversity Policy is available for reference at the company's website www.protasco.com.my.

Appointments and Re-Election of Directors

The Nomination and Remuneration Committee ("NRC") in recommending new appointments to the Board will assess the suitability of an individual to be appointed to the Board by giving due consideration to the individual's skills, industry experience and knowledge, character, integrity and time to effectively discharge his or her role and responsibilities.

Candidates to be considered for appointment as Directors are identified through recommendations from various sources such as senior management staff, independent advisors or third party referrals.

In compliance with the Company's Constitution, at each Annual General Meeting (AGM), one-third (1/3) of Directors or if their number is not three, the number nearest to one-third (1/3), shall retire from office at least once in three years. The Directors to retire shall be those who have been longest in office since their last re-election or appointment.

The NRC will assess the Directors who are due for re-election at the AGM based on the Directors' Fit & Proper Policy and the results of the annual performance evaluation, before submitting its recommendations to the Board for approval.

Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman, Dato' Ir Kenny Chong Ther Nen and Madam Celine Chan Hooi Li shall retire by rotation pursuant to Article 107 (1)(b) of the Company's Constitution. They are eligible and have offered themselves for re-election at the forthcoming AGM. Their profiles can be found on pages 59, 60 and 64 of this Annual Report. The Board, upon satisfactory assessment by the NRC pursuant to the Directors' Fit & Proper Policy and based on the annual performance evaluation, endorsed the recommendations of the NRC for their re-elections at the forthcoming AGM as Directors of the Company.

Board Performance Evaluation

The Board undertakes performance evaluation annually which comprises Board assessment, self-assessment and assessment on board committees. The Chairman of the Nomination and Remuneration Committee will be presented with the analysis of the overall performance evaluation for deliberation in the Nomination and Remuneration Committee meetings. The Nomination and Remuneration Committee will assess and identify areas which require improvement and recommend them to the Board for action.

Independence

The Board considers that, notwithstanding their interests in the shares of the Company as set out in the Directors' Interest on pages 97 to 98 of the Directors' Report, all of the current Independent Directors are independent of the management of the Group and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The NRC conducts a review and assessment of the independent directors' independence based on the criteria outlined in the Independent Directors Test. The NRC is satisfied that the Independent Directors are independent of management and free from any business or other relationships which could interfere with the exercise of independent judgement, objectivity and ability to act in the best interest of the Company.

Pursuant to the Succession Planning Policy of the Company, the tenure of an Independent Director is capped at nine years of continuous service. In the event the Board intends to retain any Director as an Independent Director who has served beyond a consecutive or a cumulative term of nine years, the Board should justify and seek approval from the shareholders at the Company's AGM.

Chairman and Group Managing Director

The roles of Executive Chairman and Group Managing Director are held by separate persons and they have different responsibilities as set out in the Board Charter.

The Board is led by the Executive Chairman who is accountable for ensuring the effectiveness of the governance process of the Board. He provides leadership and ensures all strategic and critical issues are discussed by the Board in a timely manner.

The Group Managing Director is responsible for the management of the Group's business, decision making and managing day-to-day operations.

Board Meetings

During the year under review, five (5) Board meetings were held. Details of Directors' attendance are set out as follows:

Board meeting attended in 2022	
Dato' Sri Ir Chong Ket Pen	5/5
Dato' Ir Kenny Chong Ther Nen	5/5
Dato' Sri Su-Azian @ Muzaffar Bin Abd Rahman	5/5
Dato' Tan Yee Boon	5/5
Suhaimi Bin Badrul Jamil	5/5
Tham Wei Mei	5/5
Celine Chan Hooi Li	5/5

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training

Details of training programmes, conferences and forums attended by the Directors during the year under review, are set out as follows:

Name	Date	Description of Training
Dato' Sri Ir Chong Ket Pen	18 August 2022	Challenges and Insights in Corrosion Management, The Institution of Engineers, Malaysia.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
	29 September 2022	Innovative Cost Effective Long Span Bridge Design and Technology, The Institution of Engineers, Malaysia.
	1 October 2022	After Thought of A Climate Change Case Study: Impact of El Nino on Oil Palm Yield in Malaysia, The Institution of Engineers, Malaysia.
	5 December 2022	Workshop on "Design of Kuantan 188 and QA/QC of Concrete Construction", The Institution of Engineers, Malaysia.
Dato' Ir Kenny Chong Ther Nen	28 June 2022	PowerTalk ESG Series #2 – Why Investors Care About ESG, Institute of Corporate Directors Malaysia.
	29 June 2022	PowerTalk ESG Series #2 – ESG + 'T' - Global Megatrends to Watch Out, Institute of Corporate Directors Malaysia.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	28 June 2022	PowerTalk ESG Series #2 – Why Investors Care About ESG, Institute of Corporate Directors Malaysia.
Dato' Tan Yee Boon	14 April 2022	Corporate Liabilities Risk Under Section 17A of the MACC Act 2009 and its Mitigations, MAICSA.
	27 June 2022	Plan your ESG Journey: Lessons For the Boardroom, Institute of Corporate Directors Malaysia.
Suhaimi Bin Badrul Jamil	14 July 2022	Cyber Security: What's Directors Need to know, Minority Shareholders Watch Group.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
	17 November 2022	Audit Oversight Board Conversation With Audit Committee, Securities Commission Malaysia.
Tham Wei Mei	14 July 2022	Cyber Security: What Directors Need to know, Minority Shareholders Watch Group.
	23 August 2022	Healthy Staff Equals Healthy Profits Wellness Talk, Ms Leong Yin Fun.
Celine Chan Hooi Li	13 September 2022	Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers, Bursa Malaysia.

FINANCIAL REPORTING

The Board takes responsibility to ensure that financial statements are prepared in accordance with the regulatory requirements and applicable financial reporting in Malaysia. The Board deliberates on financial statements and ensures that the Group has used appropriate accounting policies, supported by reasonable, and prudent judgment and estimates. The Audit Committee assists the Board by scrutinising the information to be disclosed. The Group's financial statements are presented in pages 93 to 226 of this Annual Report.

RELATIONSHIP WITH THE AUDITORS

Through the Audit Committee, the Group has established a professional, transparent and appropriate relationship with the Group's auditors, both internal and external, particularly in obtaining their professional advice towards ensuring full compliance with applicable accounting standards.

External Auditors

The Audit Committee met the external auditors twice during the year under review on 21 February 2022 and 12 April 2022 without the presence of the Executive Directors and Management, to exchange independent views on matters which required the Committee's attention.

The Audit Committee had assessed the suitability and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as adequacy of experience, resources of the firm, the professional staff assigned to the audit, independence of Crowe Malaysia PLT and the provision of non-audit services rendered by Crowe Malaysia PLT for financial year 2022.

Crowe Malaysia PLT confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements for the financial year 2022.

Being satisfied with Crowe Malaysia PLT's performance, technical competency and audit independence, the Audit Committee recommended to the Board to put forth a proposal for the re-appointment of Crowe Malaysia PLT as external auditors for financial year ending 2023 at the forthcoming Annual General Meeting.

Internal Auditors

The Board acknowledges their responsibility for the Group's system of internal controls and reviews its effectiveness regularly via the Internal Audit function of the Corporate Assurance Department which provides support to the Audit Committee in dispensing its responsibilities with regards to the adequacy and integrity of the system of internal controls within the Group. The internal audit function is independent of the operations of the Group and reports directly to the Audit Committee.

The works of the internal auditors during 2022 are set out in the Audit Committee Report on pages 74 to 76 in this Annual Report.

BOARD COMMITTEES

Audit Committee

The Audit Committee plays an active role in assisting the Board in discharging its responsibility. The full details of the composition, summary of the works of the Audit Committee are set out in the Audit Committee Report on page 74 of the Annual Report.

Board Risk Management Committee

The Board has established a Board Risk Management Committee ("BRMC") for the following primary objectives:-

- a. maintain reliable and effective risk management practices. Such practices will identify, assess and monitor key business risks as well as safeguard and enhance the Group's assets and shareholders' investments.
- b. review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring adequacy of risk management policy and infrastructure, to facilitate the implementation of action plans for risk management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- c. determine the nature and extent of significant risks which the Group is willing to take in achieving its strategic objectives and ensuring the execution and implementation of the Group's sustainability strategy. These will allow the Group to continue generating economic value while reducing our environmental and social footprint, by monitoring the progress of the Group's sustainability initiatives through an effective governance framework against the set targets.

A Group Risk Management Committee ("GRMC") assists the BRMC in achieving its primary objectives.

GRMC comprises senior management staff from the Group Finance & Treasury and Group Corporate Office.

Significant risk, policy and procedure matters that require the attention of the Board, are reported to the Board Risk Management Committee.

The Statement on Risk Management and Internal Control is set out on page 85 of this Annual Report.

Nomination And Remuneration Committee

The Nomination and Remuneration Committee assists the Board on matters relating to Board appointments including the composition of the Board Committees, reviews the performance of the Directors and Board Committees, and reviews Board Directors and Executive Directors' remunerations.

A summary of the Nomination and Remuneration Committee's activities during the year is set out below:

- Reviewed the performance of the Directors and Board Committees;
- Reviewed the terms of office and performance of Audit Committee and each of its members;
- Reviewed the training needs of Directors;
- Reviewed the Directors standing for re-election at the forthcoming Annual General Meeting;
- Assessed the independence of the independent directors;
- Recommended the appointment of Senior Independent Director;
- Reviewed & recommended the Directors' Fit & Proper Policy to the Board for approval; and
- Reviewed the Succession Planning Policy and Nomination & Remuneration Policy.

Details of the Directors' Remunerations for the financial year ended 31 December 2022 are as follows:

	Director's Fee		Salary/Bonus/Benefits		Total
	Protasco Bhd (RM)	Subsidiary (RM)	Protasco Bhd (RM)	Subsidiary (RM)	
Dato' Sri Ir Chong Ket Pen	-	-	1,715,200	30,000	1,745,200
Dato' Ir Kenny Chong Ther Nen	-	-	655,200	102,000	757,200
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	-	-	-	736,800	736,800
Dato' Tan Yee Boon	51,000	-	7,500	-	58,500
Suhaimi Bin Badrul Jamil	51,000	-	5,500	-	56,500
Tham Wei Mei	51,000	-	4,000	-	55,000
Celine Chan Hooi Li	51,000	-	7,500	-	58,500

Top five (5) Senior Management's Remuneration for the financial year ended 31 December 2022 are as follows:

Senior Management	Remuneration Band
1. Dato' Prof. Dr Noor Inayah Binti Ya'akub	
2. Dato' Ronnie Yap Kee Tian	
3. Dato' Wan Imran Bin Wan Omar	RM350,000 – RM400,000
4. Ir Edward Khoo Mong Wei	
5. Freddie Cheong Kah Wang	

CORPORATE DISCLOSURE

To ensure quality disclosure, the Company has a corporate disclosure policy to ensure accurate, clear and timely disclosure of material information and take reasonable steps to ensure that the general public has access to such information. The Company is committed to communicate the Company's strategy, operational performance, financial results, and other material developments to Bursa Malaysia, analysts, investors, shareholders, and other stakeholders in a timely, open and comprehensive manner.

The Corporate Disclosure Policy is available at www.protasco.com.my.

GROUP CORPORATE WEBSITE

The Board is committed to leverage on information technology for effective dissemination of information in a timely manner. Protasco's corporate website (www.protasco.com.my) provides easy access to information about the Group. Information available on the corporate website includes Protasco's corporate profile, Board of Directors and Group senior management, financial results, annual reports, Group newsletters and latest corporate news.

In addition, stakeholders can obtain regulatory announcements made by Protasco to Bursa Malaysia at www.bursamalaysia.com.

ANNUAL REPORT

The Company's annual report provides a comprehensive report on the Group's operations and financial performance for the year under review. It provides full disclosure and is in compliance with the relevant regulations to ensure greater transparency. An online version of the Annual Report is also available at Protasco's corporate website.

ANNUAL GENERAL MEETING

The Annual General Meeting ("AGM") is the main delivery channel for dialogue with all shareholders. They are encouraged and are given opportunities to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns.

The notices of AGM are sent out to shareholders at least 28 days before the date of the meeting, exceeding the 21 days requirement under the Companies Act 2016 and Listing Requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also contact the Company with their queries.

Shareholders are encouraged to be aware of their rights with regards to the convening of general meetings, appointment of proxies, demand for poll voting and access to information. The details of shareholder's rights are available at www.protasco.com.my.

In line with the Listing Requirements on strengthening good Corporate Governance Practice, the Company has been conducting electronic poll voting in General Meetings. An independent party is appointed to validate the votes cast at the AGM.

INVESTOR RELATIONS

The Company's Investor Relations Department has periodic dialogues with analysts and shareholders to update them on business performance and corporate developments.

In addition, the Company releases its financial results and other mandatory announcements on a timely basis and responds promptly to enquiries from investors, regulators, the public and financial analysts.

The Company has a dedicated website, www.protasco.com.my, designed to assist its stakeholders. The Company has subscribed to Bursa Malaysia's website linking service so that the Company's announcements made to Bursa Malaysia, can be retrieved concurrently from both websites.

Investor Relations Contact:

Han Long Kong

Tel: 603-8738 3388

Email: lkhan@protasco.com.my

This statement is prepared in compliance with the Main Market Listing Requirements and it is to be read together with the Corporate Governance Report 2022 of the Company which is available in Protasco Berhad's website, www.protasco.com.my.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is committed to maintain a sound system of risk management and internal control of the Group and is pleased to present its Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2022. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") in accordance with Malaysian Code of Corporate Governance ("MCCG") and as guided by the latest "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" ("the Guidelines").

OBJECTIVES

- Maintain reliable and effective risk management practices. Such practices will identify, assess and monitor key business risks, safeguard and enhance the Group's assets and shareholders' investments; and
- Review the effectiveness of the risk management framework in identifying and managing risks and internal processes which include but not limited to ensuring adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management.

RESPONSIBILITIES

The Board acknowledges its overall responsibilities in establishing a sound system of risk management and internal control as well as reviewing its adequacy and effectiveness.

The Board delegates the responsibilities of maintaining a sound risk management and internal control of the Group to the Board Risk Management Committee ("BRMC").

The responsibilities of the BRMC in respect of risk management and internal control are as follows:

- Oversee and recommend risk management strategies, framework and policies and procedures of the Group;
- Review and recommend changes as needed to ensure that the Group has in place at all times, a Risk Management policy which addresses the strategic, operational, financial and compliance risks;
- Implement and maintain sound risk management framework which identifies, assesses, manages and monitors the Group's business and other risks;
- Develop and inculcate a risk awareness culture within the Group;
- Review the adequacy and effectiveness of the said risk management and internal control systems;
- Oversee specific risk management concerns raised by business units; and
- Review the Group's risk profiles and evaluate the measures taken to mitigate business and other risks.

The BRMC, however, recognises that any risk management system is designed to manage and mitigate rather than eliminate risks completely. As such, it should be noted that it only provides reasonable assurance against its occurrence of any material misstatement, operational failure, loss or fraud.

The BRMC does not review the internal control systems of associates where the Group does not have any direct control over their operations. Notwithstanding the above, the Group's interests are assured through board representations in the respective associates and the receipt and review of the management accounts and enquiries thereon.

The BRMC has established ongoing processes for identifying the principal risks impeding the achievement of the organisation's goals and objectives:

- To evaluate the nature and extent of those risks;
- To manage them efficiently, effectively and economically; and
- Regular review, taking into account changes in the regulatory and business environment as mentioned in the Guidelines.

In accordance with the Guidelines, the Board assures that this process has been in place for the year under review and is up to the date for the approval of this Statement to be included in the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Board regards the importance of key risk management and internal control system that set the tone for the Group. In recognising the importance of risk management and internal control system in the overall governance process, the Board has instituted the following:

The BRMC

The BRMC, which is guided by its Terms of Reference, was established to assist the Board to oversee the overall compliance to relevant laws and regulations, internal policies and procedures.

The BRMC also reviews regular updates of risk profiles of each business segment including the relevant internal controls and measures to mitigate significant risks identified.

The BRMC provides a strategic direction in terms of risk management and mandates the Risk Management Committee ("RMC") to oversee the establishment and implementation of the risk management process.

The members of the BRMC are:

Members	Directorship	Roles
Celine Chan Hooi Li	Independent Non-Executive Director	Chairman
Dato' Tan Yee Boon	Independent Non-Executive Director	Member
Dato' Chong Ther Nen	Group Managing Director	Member

The RMC

The management, through its RMC, assists the BRMC in ensuring sound and robust risk management framework, processes and practices to achieve the Group's strategic objectives and safeguard shareholders' investments and group assets.

The RMC is responsible for the implementation of the approved framework, policies and procedures pertaining to risk management and internal control to ensure that business strategies and risk management are aligned.

The members of the RMC are:

Members	Designation
Group Managing Director	Chairman
Chief Financial Officer	Committee Member
Head of Corporate Office	Committee Member
Director, Investor Relations & General Administrations	Committee Member
Head of Corporate Assurance	Committee Member cum ERM Coordinator

The Group Enterprise Risk Management Framework

The Group has established the Group Enterprise Risk Management Framework to provide guidelines on the effective management of risks through the application of Enterprise Risk Management ("ERM") processes at varying levels and within the Group.

The framework ensures that the risk-related information derived from the ERM process is adequately reported and used as a basis for decision making and is accounted for at all relevant organisational levels. The framework shall be continuously assessed and improved to ensure its adaptability with the changing business environment.

The framework outlines:

- Policy and governance structure for the ERM within the Group;
- Risk management roles and responsibilities within the Group and outlining procedures to mitigate risks;
- Methodology for risk assessment and risk response; and
- Reporting framework to ensure clear communication for all risk management activities and reporting.

Internal Control

The key elements of the Group's internal control system include:

1. Control Environment

- The Board demonstrates a commitment to integrity and ethical values.
- The Board established the BRMC comprising Non-Executive Directors, majority of whom are Independent Directors. The BRMC primarily assists the Board in reviewing the organisational risk and internal control with the assistance of the RMC and Internal Audit Department.
- Well-defined lines of responsibilities for the Board, management and each operating unit within the Group; including authorisation level on day-to-day operation.
- The Board and Management holds individual risk owners accountable for their internal control procedures and policies.

2. Integrity & Compliance

- The Group has developed and adopted the Integrity and Anti-Corruption Policy as a part of the Group's Anti-Bribery Management System which has been designed to align with the requirements set out in the provision of section 17A under the Malaysian Anti-Corruption Commission ("MACC") Act 2009.
- The Group is committed to conduct all of its business in an honest and ethical manner by implementing and enforcing systems that ensure bribes and corruptions are prevented.

3. Risk Assessment

- The Management of each division is responsible to assess, review and update their division's risk profile.
- The Management will identify and assess changes that could significantly impact the system of internal control.

4. Control Activities

- Each operating unit undertakes business planning and budgeting process every year which are appraised at regular intervals.
- The Group review, assess and update the internal control procedures and policies and to improve such policies that have been established and put these policies into action.

5. Information and Communication

- The Business Risk Profile, where identified risks are recorded, is updated on an ongoing basis and presented to the Risk Management Committee on a half-yearly basis.
- Significant risk matters that require the attention of the Board are reported to the BRMC and Audit Committee.
- The Group's quarterly financial performance is presented to the Board for review and approval.

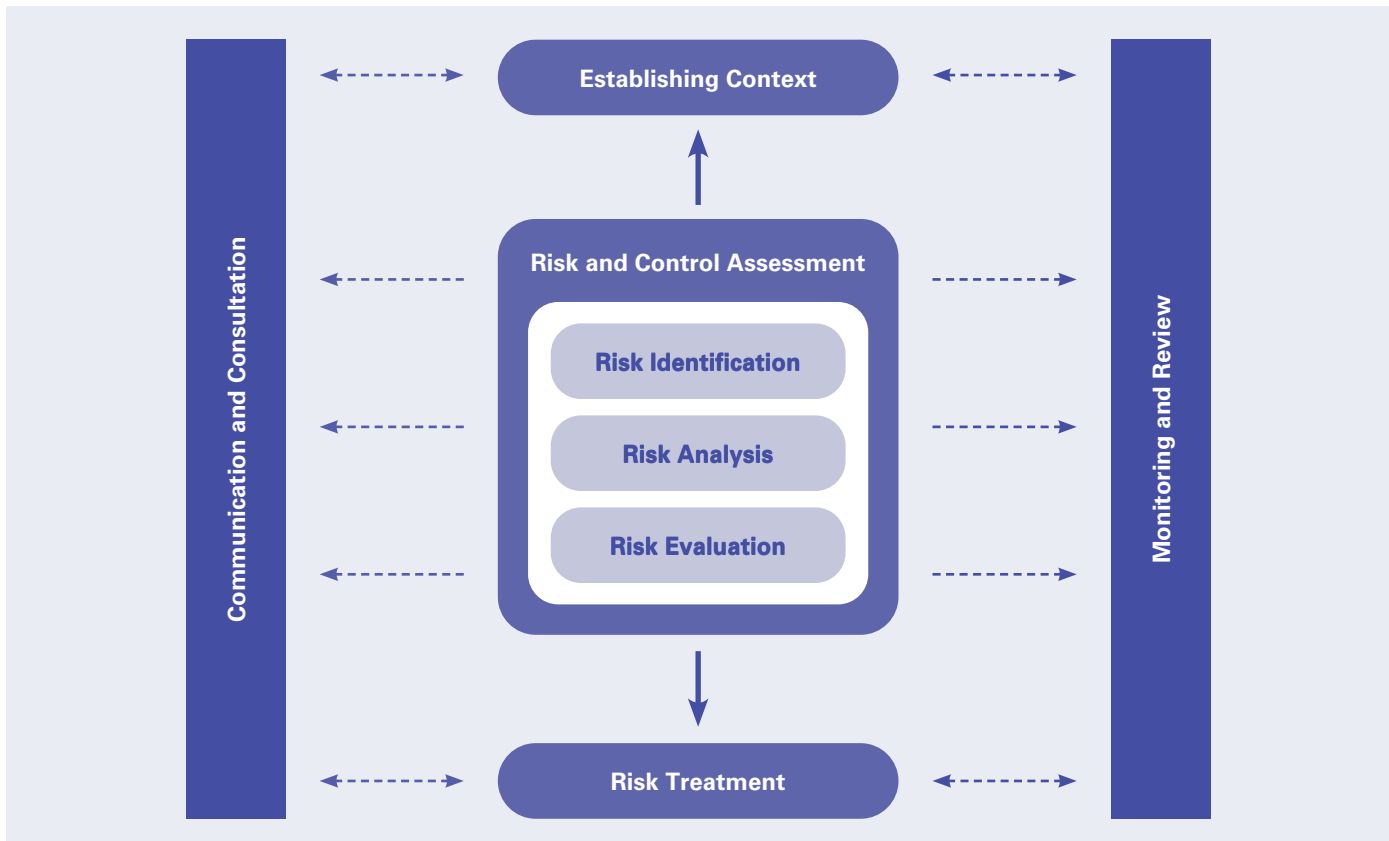
6. Monitoring

- The Group performs and evaluates internal control system (e.g. Internal Audit) to ascertain its adequacy and effectiveness.
- The Group performs follow-up on the Management's response and action plans stated in the reports from tests and evaluations carried out.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT PROCESS

The objective of the risk management process is to develop an individual risk profile where risk assessment is conducted from risk identification, analysis, and evaluation of existing controls. The following diagram depicts the risk management approach in the Group:



The risks identified are evaluated based on their potential impact on the Group, the likelihood of occurrence as well as the effectiveness of available control procedures. The Business Risk Profile, where identified risks are recorded, is reviewed and updated on an ongoing basis. The review and update of the risk profile include identification of risks resulting from changes in business environment, both external and internal.

Each business unit's identified risks are presented in forums to the RMC for their deliberation and tabled bi-annually to the BRMC.

Risk Assessment and Reporting

During the financial year, RMC had continued to assess and review the effectiveness of the control procedures for the remaining Divisions. RMC deliberated on the identified top/key risks of the Group and action plans to manage or mitigate the said risks. The key business units which had been invited to present their key business risks and action plans to address the said risks were Property, Construction, Education, Engineering & Consultancy and Trading & Manufacturing Division.

The assessment and review findings of the Group Corporate Assurance together with the Risk Owners' responses were deliberated by the RMC. Where applicable, the Group Corporate Assurance ("CA") provides recommendations to improve the effectiveness of risk management, internal control systems and governance processes.

Assessments and reviews by the Group Corporate Assurance were carried out on business divisions using a risk-based approach taking into consideration inputs from the BRMC and the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk management activities undertaken in FY2022 were primarily focused on risk control procedures and mitigation plan management, where the findings revealed certain weaknesses in the Risk Profiling. These were discussed with the Risk Owners, and they had re-visited the Risk Registers in the second half of the year 2022. As a result, the Risk Profiling is revitalised together with their respective causes and consequences which could affect/influence the achievement of the Group and/or business objectives.

Risk Management Initiatives

As part of the Group's initiatives to institutionalise the risk awareness and practices, CA also conducted the followings:

- Facilitate risk identification and impact analysis through Risk Profiling and Identification training. The identified risks for each division have been streamlined and common risks are merged strategically to capture the magnitude of the risk's impact; and
- Facilitate risk discussions with the respective risk owners on key risk concerns and mitigation plans

THE GROUP'S RISKS

High risks assessed by the Group Corporate Assurance and discussed with the Risk Owners, the RMC, and the BRMC during the current financial year are summarised below. These risks are still relevant, mitigation responses are in place and continuously monitored to mitigate risk exposures:

Division	Key Risk	Description/Impact	Mitigation Measures
Property	Inability to achieve targeted sales and increased in Sales & Marketing cost	Due to the after effects of the COVID-19 pandemic.	<ul style="list-style-type: none"> Adopted aggressive sales approach with competitive pricing and incentive coupled with marketing activities via social media such as website, Facebook & Google advertisements. Other marketing tools such as e-brochures, 3D walkthrough videos and virtual tours for the potential buyer.
	Unfavourable end-financing for buyers	Failure of buyer to secure favourable end financing (low financing rate) which results in purchase cancellation.	<ul style="list-style-type: none"> Approach banks that provide 'Skim Belia' to cater for young buyers who yet to have any loan history. Facilitate buyer for alternative payment method such as instalment scheme via EPF withdrawals.
	Insufficient cash flow for repayment of borrowings	Inability to meet financial obligations which affects future loan credibility.	<ul style="list-style-type: none"> Redemption and principal payment of loan from the sale of land. Sales proceed from units sold.
	Branding: Lack of market awareness	This affects the awareness of the buyer on the project existence.	<ul style="list-style-type: none"> Appointment of capable sales & marketing agents/consultants.
Construction	Inability to secure new project	Delay on project award from client/government and the impact from post COVID-19 to the overall economy.	<ul style="list-style-type: none"> Continuous participation in tender for new projects and progressively monitor and follow up on the tendered projects. Develop and maintain good rapport with potential clients.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Division	Key Risk	Description/Impact	Mitigation Measures
Education	Competition with other higher education institutions	Stiff competition from various institutions including universities & colleges which may impact the number of students enrolled in IUKL.	<ul style="list-style-type: none"> • New business model to be established such as Micro Credential Program in collaboration with Digital Marketing Institute, collaboration with Professional Tanah Malaysia (Pertama) for certification programmes to be introduced to penetrate the marketing needs and demands. • Collaboration with Frostburg University (USA) and Esa Unggul University (Indonesia) for twinning programmes.
	Inability to achieve the number of students target	Withdrawal/cancellation of registered students and missing students.	<ul style="list-style-type: none"> • Setting up a focus group to look into the strategic student recruitment effort for short and long term including improvisation of agent policy which includes fee payment and its processes. • Initiative to create awareness on IUKL programmes such as school visits and organising Science, Technology, Engineering and Mathematics ("STEM") related programmes at selected school. • Marketing and Communication Department restructuring programmes for process reorganisation improvement which are linked to the efficient process and personnel. • Establishing challenging Key Performance Indicators (KPIs) to secure students.
Engineering and Consultancy	Failure to sustain IKRAM branding	Loss of IKRAM branding after the end of concession.	<ul style="list-style-type: none"> • Enhance and rebrand the IKRAM Brand as a Total Integrated Engineering Solution Provider. • Aggressive marketing and advertisements for higher exposure. • Increase public awareness of IKRAM by widely displaying IKRAM's logo on its assets.
	Expiry of Long Term Service Agreement (LTSA) with major clients	Failure to extend the existing contract and secure new contract.	<ul style="list-style-type: none"> • Securing new LTSA from Government & Government Linked Company (GLC). • Enhancing customer satisfaction with existing client in view of extension of contract. • Establish rapport with client's top management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Division	Key Risk	Description/Impact	Mitigation Measures
Engineering and Consultancy (Cont'd)	Finance risks that includes sustainable revenue & profit, poor working capital, cash flow and long outstanding ageing	Unable to sustain efficient business flow and operational activity.	<ul style="list-style-type: none"> • Close monitoring of project cost and by reviewing Project Master Plan, project cost against the project budget. • Improvement of revenue from a more profitable profit centre. • Forming strategic partnerships with external parties. • Improvement on collection & payment cycle whilst improving assets liquidity. • Frequent updates on the business performance, and debtor ageing performance i.e. improving collections method and overall cash flow performance update to the management to ensure close monitoring of financial health.
Trading & Manufacturing Division	Product Risk: Too dependent on bitumen & quarry product	High dependency on turnover from 2 products, will affect turnover should the market of these products are unfavourable.	<ul style="list-style-type: none"> • Introducing new products for new market. • Collaboration with Petronas Dagangan Berhad in producing new products.
	Continuation Agency License Agreement - Bitumen	Loss in main revenue if the operating license is not renewed.	<ul style="list-style-type: none"> • Sufficient supply of bitumen as per target by Principal (Petronas Dagangan Berhad). • Supporting letter from the Principal for the license renewal.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysia Code of Corporate Governance (MCCG) to be set out, nor is this Statement factually incorrect.

CONCLUSION

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Company's risk management and internal control system is operating adequately and effectively in all material aspects.

For the financial year under review, the Board is of the opinion that the Group's system of internal controls is satisfactory. Any deficiencies identified have been or are being addressed accordingly. Notwithstanding this, review of the internal control systems will be continuously carried out to ensure the ongoing effectiveness of the system.

OTHER COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The details of total audit and non-audit fees paid/payable to the external auditors of the Group for the financial year ended 31 December 2022 were as follows:

	RM'000
Audit Fees	747
Non-Audit Fee*	5

* Fees incurred primarily in relation to assurance related services.

2. MATERIAL CONTRACTS

Other than as disclosed in Note 43 of the Financial Statements, there were no material contracts entered into by the Company or its subsidiaries involving Directors' and major shareholders' interests since the end of the previous financial year.

3. UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2022.

4. OPTIONS, WARRANTS AND CONVERTIBLE SECURITIES

There were no options, warrants, and convertible securities being issued during the financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS

Details of the Recurrent Related Party Transactions are disclosed in Note 43 of the Financial Statements.

6. GOING CONCERN STATEMENT

Having exercised due and reasonable enquiry into the affairs on the Company, the Board is satisfied with the Company and shall proceed to operate as a going concern business in the foreseeable future.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors hereby submit their annual report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(24,222)	(2,121)
Attributable to:		
Owners of the Company	(29,376)	(2,121)
Non-controlling interests	5,154	-
	(24,222)	(2,121)

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

WARRANTS

The details of the Warrants are disclosed in Note 26 to the financial statements.

TREASURY SHARES

During the financial year, the Company purchased 5,000 (2021 - Nil) of its issued ordinary shares from the open market at a price of RM0.19 per share. The total consideration paid for the purchase was RM992 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

There was no resale of issued ordinary shares that were held as treasury shares during the financial year.

As at 31 December 2022, the Company held as treasury shares a total of 13,656,900 (2021 - 13,651,900) of its 495,392,310 (2021 - 495,392,310) issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,752,841 (2021 - RM3,751,849). The details of the treasury shares are disclosed in Note 23 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

The names of Directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Sri Chong Ket Pen
Dato' Chong Ther Nen
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman
Suhaimi Bin Badrul Jamil
Dato' Tan Yee Boon
Tham Wei Mei
Celine Chan Hooi Li

The names of Directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those Directors mentioned above, are disclosed in Appendix A to the financial statements.

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
<i>Direct Interests</i>				
Dato' Sri Chong Ket Pen	93,626,376	-	-	93,626,376
Dato' Chong Ther Nen	2,866,458	-	-	2,866,458
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	875,000	-	-	875,000
Suhaimi Bin Badrul Jamil	105,832	-	-	105,832
<i>Indirect Interests</i>				
Dato' Sri Chong Ket Pen ^^	49,564,861	747,500	-	50,312,361
Dato' Chong Ther Nen **	2,095,800	-	-	2,095,800
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman #	3,645,833	-	-	3,645,833
	Number of Warrants 2018/2023			
	At 1.1.2022	Bought	Sold	At 31.12.2022
<i>Direct Interests</i>				
Dato' Sri Chong Ket Pen	16,527,669	-	-	16,527,669
Dato' Chong Ther Nen	292,812	-	-	292,812
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman	187,500	-	-	187,500
Suhaimi Bin Badrul Jamil	16,250	-	-	16,250
<i>Indirect Interests</i>				
Dato' Sri Chong Ket Pen ^^	10,620,828	78,750	(185,000)	10,514,578
Dato' Chong Ther Nen **	499,100	-	-	499,100
Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman #	781,250	-	-	781,250

Notes:-

^^ Deemed interest by virtue of his substantial shareholdings in Penmacorp Sdn Bhd which in turn is a substantial shareholder of the Company pursuant to Section 8 of the Companies Act 2016 as well as his spouse and children's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

** Deemed interest through his spouse's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

Deemed interest by virtue of his substantial shareholdings in Rencana Berkat Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

By virtue of his interest in the Company, Dato' Sri Chong Ket Pen is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other Directors holding office at the end of the financial year had no interest in shares, options over unissued shares or debentures of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain Directors have substantial financial interests as disclosed in Note 43 to the financial statements.

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

DIRECTORS' REMUNERATION

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

	The Group RM'000	The Company RM'000
Fees	521	204
Salaries, bonuses and other benefits	5,848	2,355
Defined contribution benefits	509	145
Benefit in kind	84	42
	6,962	2,746

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the Directors of the Company were RM83,800 and RM42,400 respectively.

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM20,000,000 and RM115,000 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

AUDITORS

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

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

	The Group RM'000	The Company RM'000
Audit fees	747	89
Non-audit fees	5	5
	752	94

Signed in accordance with a resolution of the Directors dated 20 April 2023.

Dato' Chong Ther Nen

Suhaimi Bin Badrul Jamil

STATEMENT BY DIRECTORS

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

We, Dato' Chong Ther Nen and Suhaimi Bin Badrul Jamil, being two of the Directors of Protasco Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 107 to 226 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the Directors dated 20 April 2023.

Dato' Chong Ther Nen

Suhaimi Bin Badrul Jamil

STATUTORY DECLARATION

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

I, Cheong Kah Wang, MIA Membership Number: 7854, being the officer primarily responsible for the financial management of Protasco Berhad, do solemnly and sincerely declare that the financial statements set out on pages 107 to 226 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Cheong Kah Wang,
at Kuala Lumpur
in the Federal Territory
on this 20 April 2023.

Cheong Kah Wang

Before me

Datin Hajah Raihela Wanchik (W275)

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Protasco Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 107 to 226.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

Key Audit Matters (Cont'd)

Revenue and Profit Recognition for Construction Services	
Refer to Note 4.1.1(e), Note 4.24(d) and Note 35 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Construction services accounting is inherently complex due to the contracting nature of the business, which involves significant judgements. This includes the determination of the total budgeted contract costs to complete the projects and the calculation of percentage of completion which affects the quantum of revenue and profit to be recognised.</p> <p>In estimating the revenue to be recognised, the management considers past experience and work done certified by customers and/or independent third parties, where applicable.</p> <p>In estimating the total budgeted contract costs to completion, the management considers the completeness and accuracy of its costs estimation, including its obligations to contract variations and claims. The total costs to completion are subject to a number of variables including the accuracy of designs, market conditions in respect of materials and sub-contractor cost and construction issues.</p> <p>An error in the estimated profit on contracts could result in a material variance in the amount of profit or loss recognised to date and therefore also in the current period. The profit recognition on contract includes key judgements over the expected recovery of costs arising from variations and claims and assessment on liquidated and ascertained damages costs, where applicable. In addition, changes in judgements, and the related estimates, as contracts progress, can result in material adjustments to margin, which can be both positive and negative. The potential outcome for contracts can have an individually and collectively material impact on the financial statements, whether through error or management bias.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs to completion, calculation of percentage of completion and the determination of revenue and profit to be recognised.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • read all key contracts and discussed with management to obtain a full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised; • testing the operating effectiveness of internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements; • assessing the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and costs incurred on variation orders; • assessing the reasonableness of percentage of completion by comparing to certification by external parties; • assessing the estimated profit and costs to completion, adjustments for job costing and potential contract losses; • performing subsequent event review to support year-end judgements; • assessing whether the amounts recognised in the financial statements were in line with the Group's accounting policy and relevant accounting standards; and • considering the adequacy of the Group's disclosures in respect of the judgements taken with respect to profit recognition and the key risks relating to these amounts.

INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

Key Audit Matters (Cont'd)

Revenue and Profit Recognition for Property Development Activities	
Refer to Note 4.1.1(f), Note 4.24(e) and Note 35 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The Group recognises property development revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.</p> <p>Accounting for property development activities is inherently complex and there is judgement involved in the following areas:-</p> <ul style="list-style-type: none"> determination of stage of completion; and estimated total property development costs and costs to be incurred to complete a project <p>We determined this to be a key audit matter given the complexity and judgmental nature of these activities.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> reviewing estimated profit and costs to complete and adjustments for job costing and potential contract losses; for newly launched projects, assessing the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors; for ongoing projects, checking for any variation orders and changes to contracts and quotations with the contractors, if any, are properly supported; testing costs incurred to date to supporting documentation such as contractors' claim certificates; testing sales of properties to signed sales and purchase agreements and billings raised to property buyers; assessing the reasonableness of the percentage of completion by comparing to certification by external parties; and recomputing the stage of completion and checking the journal entries impacting revenue and cost of sales are recognised appropriately with reference to the computation of the stage of completion of the projects.

INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

Key Audit Matters (Cont'd)

Impairment of Trade Receivables	
Refer to Note 4.1.1(d), Note 14 and Note 45.1(b) in the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The Group carries significant trade receivables and is exposed to credit risk, or the risk of counterparties defaulting. The details of trade receivables and its credit risk are disclosed in Note 14 and Note 45.1(b) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> • customers' payment profiles of past sales and corresponding historical credit losses; • specific known facts or circumstances on customers' ability to pay; or • by reference to past default experience. <p>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.</p> <p>We determined this to be a key audit matter due to the significant judgements and level of uncertainty involved in assessing the recoverability of trade receivables.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> • obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's control over the trade receivables collection process; • how the Group identifies and assesses the impairment of trade receivables; and • how the Group makes the accounting estimates for impairment. • reviewing the ageing analysis of trade receivables and testing the reliability thereof; • reviewing the payment history during the financial year and subsequent cash collections for major trade receivables and overdue amounts; • making inquiries of management regarding action plans to recover overdue amounts; • challenging management's view on the recoverability of overdue amounts to historical patterns of collection; • examining other evidence including customer correspondences, proposed or existing settlement plans, repayment schedules; • assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period; and • evaluating the reasonableness and adequacy of the allowance for impairment loss recognised.

INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

to the Members of Protasco Berhad (Incorporated in Malaysia)

Registration No: 200101012322 (548078 - H)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

20 April 2023

Chua Wai Hong
02974/09/2023 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	170,506	170,506
Investments in associates	6	17,415	16,495	-	-
Property, plant and equipment	7	239,503	244,833	557	717
Investment properties	8	73,276	75,099	-	-
Right-of-use assets	9	9,192	9,147	-	-
Inventories	10	41,067	40,700	-	-
Goodwill on consolidation		36	36	-	-
Long-term investments	11	145	145	-	-
Deferred tax assets	12	115	114	-	-
		380,749	386,569	171,063	171,223
CURRENT ASSETS					
Inventories	10	34,634	33,018	-	-
Contract cost assets	13	953	606	-	-
Trade receivables	14	170,814	247,617	-	-
Contract assets	15	8,294	5,813	-	-
Other receivables, deposits and prepayments	16	11,484	14,158	60	771
Amount owing by subsidiaries	17	-	-	94,394	96,103
Amount owing by associates	18	348	1,646	-	-
Current tax assets		21,116	16,452	-	-
Short-term investments	19	28,887	32,789	-	-
Deposits with licensed banks	20	43,114	28,660	1,591	1,564
Cash and bank balances	21	135,870	137,976	1,082	965
		455,514	518,735	97,127	99,403
TOTAL ASSETS		836,263	905,304	268,190	270,626

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	249,437	249,437	249,437	249,437
Treasury shares	23	(3,753)	(3,752)	(3,753)	(3,752)
Foreign exchange translation reserve	24	(15,183)	(15,399)	-	-
Capital reserve	25	8,875	8,875	-	-
Fair value reserve		(30)	(30)	-	-
Retained profits		47,577	76,814	11,176	13,297
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
		286,923	315,945	256,860	258,982
Non-controlling interests		40,931	44,790	-	-
TOTAL EQUITY		327,854	360,735	256,860	258,982
NON-CURRENT LIABILITIES					
Other payables	32	23,837	23,298	-	-
Deferred tax liabilities	12	2,430	2,389	-	-
Long-term borrowings	27	55,200	69,395	-	103
Lease liabilities	28	5,509	5,026	-	-
		86,976	100,108	-	103
CURRENT LIABILITIES					
Trade payables	31	186,082	194,270	-	-
Other payables and accruals	32	63,360	70,567	440	1,313
Contract liabilities	15	10,031	-	-	-
Amount owing to subsidiaries	17	-	-	3,233	3,238
Amount owing to associates	18	4,114	1,390	-	-
Current tax liabilities		3,410	4,064	2,801	2,804
Short-term borrowings	33	113,431	144,005	103	413
Lease liabilities	28	1,448	1,773	-	-
Bank overdrafts	34	39,557	28,392	4,753	3,773
		421,433	444,461	11,330	11,541
TOTAL LIABILITIES		508,409	544,569	11,330	11,644
TOTAL EQUITY AND LIABILITIES		836,263	905,304	268,190	270,626

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	35	883,943	1,112,846	6,780	20,280
COST OF SALES		(766,769)	(955,463)	-	-
GROSS PROFIT		117,174	157,383	6,780	20,280
OTHER INCOME		6,970	8,115	1,388	656
ADMINISTRATIVE EXPENSES		(44,853)	(39,592)	(9,139)	(9,043)
OTHER EXPENSES		(72,655)	(63,027)	-	-
PROFIT/(LOSS) FROM OPERATIONS		6,636	62,879	(971)	11,893
FINANCE COSTS		(12,297)	(9,855)	(327)	(407)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	36	(11,835)	(1,328)	(97)	(185)
SHARE OF PROFITS OF EQUITY ACCOUNTED ASSOCIATES		2,146	2,685	-	-
(LOSS)/PROFIT BEFORE TAXATION	37	(15,350)	54,381	(1,395)	11,301
INCOME TAX EXPENSE	39	(8,872)	(15,975)	(726)	-
(LOSS)/PROFIT AFTER TAXATION		(24,222)	38,406	(2,121)	11,301
OTHER COMPREHENSIVE INCOME/ (EXPENSES):-					
Item that will be reclassified subsequently to profit or loss:					
- Foreign currency translation differences		205	(1,276)	-	-
		205	(1,276)	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(24,017)	37,130	(2,121)	11,301

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(LOSS)/PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		(29,376)	16,697	(2,121)	11,301
Non-controlling interests		5,154	21,709	-	-
		(24,222)	38,406	(2,121)	11,301
TOTAL COMPREHENSIVE (EXPENSES)/					
INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(29,160)	12,080	(2,121)	11,301
Non-controlling interests		5,143	25,050	-	-
		(24,017)	37,130	(2,121)	11,301
(LOSS)/EARNINGS PER SHARE (SEN)					
	40				
Basic		(6.10)	3.47		
Diluted		(6.10)	3.47		

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

The Group	Note	Non-Distributable				Distributable			Total Equity RM'000	
		Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		Non-Controlling Interests RM'000
Balance at 1.1.2021		249,437	(3,752)	(10,782)	8,875	(30)	60,368	304,116	34,140	338,256
Profit after taxation for the financial year		-	-	-	-	-	16,697	16,697	21,709	38,406
Other comprehensive expenses for the financial year:										
- foreign currency translation		-	-	(4,617)	-	-	-	(4,617)	3,341	(1,276)
Total comprehensive income for the financial year		-	-	(4,617)	-	-	16,697	12,080	25,050	37,130
Balance carried forward		249,437	(3,752)	(15,399)	8,875	(30)	77,065	316,196	59,190	375,386

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

The Group	Note	Non-Distributable				Distributable			Total Equity RM'000	
		Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000		Non-Controlling Interests RM'000
Balance brought forward		249,437	(3,752)	(15,399)	8,875	(30)	77,065	316,196	59,190	375,386
Contributions by and distribution to owners of the Company:-										
Disposal of a subsidiary		-	-	-	-	-	-	-	(76)	(76)
Dividends:-										
- by subsidiaries to non-controlling interests ("NCI")		-	-	-	-	-	-	-	(14,575)	(14,575)
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	-	-	-	-	(251)	(251)	251	-
Total transactions with owners		-	-	-	-	-	(251)	(251)	(14,400)	(14,651)
Balance at 31.12.2021		249,437	(3,752)	(15,399)	8,875	(30)	76,814	315,945	44,790	360,735

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

The Group	Note	Non-Distributable				Distributable				Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000	
Balance at 1.1.2022		249,437	(3,752)	(15,399)	8,875	(30)	76,814	315,945	44,790	360,735
Loss after taxation for the financial year		-	-	-	-	-	(29,376)	(29,376)	5,154	(24,222)
Other comprehensive income for the financial year:										
- foreign currency translation		-	-	216	-	-	-	216	(11)	205
Total comprehensive expenses for the financial year		-	-	216	-	-	(29,376)	(29,160)	5,143	(24,017)
Balance carried forward		249,437	(3,752)	(15,183)	8,875	(30)	47,438	286,785	49,933	336,718

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

The Group	Note	Non-Distributable				Distributable		Total Equity RM'000		
		Share Capital RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Capital Reserve RM'000	Fair Value Reserve RM'000	Retained Profits RM'000		Attributable to Owners of the Company RM'000	Non-Controlling Interests RM'000
Balance brought forward		249,437	(3,752)	(15,183)	8,875	(30)	47,438	286,785	49,933	336,718
Contributions by and distribution to owners of the Company:-										
Treasury shares acquired	23	-	(1)	-	-	-	-	(1)	-	(1)
Dividends:-										
- by subsidiaries to NCI		-	-	-	-	-	-	-	(8,940)	(8,940)
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	-	-	-	-	139	139	(62)	77
Total transactions with owners		-	(1)	-	-	-	139	138	(9,002)	(8,864)
Balance at 31.12.2022		249,437	(3,753)	(15,183)	8,875	(30)	47,577	286,923	40,931	327,854

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

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2022

The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Distributable		Total Equity RM'000
				Retained Profits RM'000	Profits RM'000	
Balance at 1.1.2021		249,437	(3,752)	1,996		247,681
Profit after taxation/Total comprehensive income for the financial year		-	-	11,301		11,301
Balance at 31.12.2021		249,437	(3,752)	13,297		258,982
The Company	Note	Share Capital RM'000	Treasury Shares RM'000	Distributable		Total Equity RM'000
Balance at 1.1.2022		249,437	(3,752)	13,297		258,982
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(2,121)		(2,121)
Treasury shares acquired	23	-	(1)	-		(1)
Balance at 31.12.2022		249,437	(3,753)	11,176		256,860

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(15,350)	54,381	(1,395)	11,301
Adjustments for:					
Depreciation of:					
- investment properties		1,823	1,823	-	-
- property, plant and equipment		13,807	12,821	234	201
- right-of-use assets		2,375	2,290	-	-
Allowance for impairment losses on:					
- trade receivables		12,700	8,199	-	-
- amount owing by subsidiaries		-	-	97	185
- property, plant and equipment		2,608	-	-	-
Interest expense		10,868	10,131	326	407
Property, plant and equipment written off		48	9	-	-
Gain on disposal of property, plant and equipment		(68)	(283)	(1)	-
Gross dividends from subsidiaries		-	-	-	(13,500)
Income from short-term investments		(267)	(323)	-	-
Interest income		(1,422)	(1,911)	(1,387)	(595)
Share of profits of equity accounted associates		(2,146)	(2,685)	-	-
Reversal of impairment losses on:					
- trade receivables		(865)	(6,824)	-	-
- other receivables		-	(47)	-	-
Operating profit/(loss) before working capital changes		24,111	77,581	(2,126)	(2,001)
Increase in inventories		(1,983)	(1,842)	-	-
Increase in contract costs assets		(347)	(580)	-	-
(Increase)/Decrease in contract assets		(2,481)	22,877	-	-
Increase in contract liabilities		10,031	-	-	-
Decrease/(Increase) in amount owing by associates		1,298	(359)	-	-
Increase/(Decrease) in amount owing to associates		2,724	(602)	-	-
Decrease/(Increase) in trade and other receivables		68,051	(98,299)	711	(753)
(Decrease)/Increase in trade and other payables		(14,941)	20,754	(873)	429
CASH FROM/(FOR) OPERATIONS		86,463	19,530	(2,288)	(2,325)
Interest paid		(2,320)	(1,905)	(300)	(387)
Income tax paid		(14,150)	(25,917)	(729)	-
NET CASH FROM/(FOR) OPERATING ACTIVITIES					
CARRIED FORWARD		69,993	(8,292)	(3,317)	(2,712)

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
NET CASH FROM/(FOR) OPERATING ACTIVITIES BROUGHT FORWARD		69,993	(8,292)	(3,317)	(2,712)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Additional investment in a subsidiary		-	-	-	(8,000)
Interest received		1,422	1,911	1,387	595
Income from short-term investments received		267	323	-	-
Net dividend received from subsidiaries		-	-	-	13,500
Net dividend received from associates		900	1,800	-	-
Net cash inflow from acquisition of a subsidiary		1,090	-	-	-
Net cash outflow from disposal of a subsidiary		-	713	-	-
Net decrease/(increase) of deposits with licensed banks with maturity periods more than three months		887	(338)	-	-
Proceeds from disposal of property, plant and equipment		434	512	1	-
Purchase of property, plant and equipment	41(a)	(10,949)	(17,999)	(74)	(39)
Purchase of treasury shares	23	(1)	-	(1)	-
Advance from/(Repayment to) subsidiaries		-	-	1,612	(592)
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(5,950)	(13,078)	2,925	5,464
BALANCE CARRIED FORWARD		64,043	(21,370)	(392)	2,752

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

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 31 December 2022

	Note	The Group		The Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
BALANCE BROUGHT FORWARD		64,043	(21,370)	(392)	2,752
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid to non-controlling interests		(8,940)	(14,575)	-	-
(Increase)/Decrease of fixed deposits pledged to licensed banks		(6,581)	95	(27)	(24)
Decrease/(Increase) of cash at bank pledged to licensed banks		867	(867)	-	-
Repayment to subsidiaries		-	-	(5)	(9)
Interest paid		(8,009)	(8,226)	(26)	(20)
Drawdown of term loans		-	5,368	-	-
Repayment of term loans		(17,858)	(21,996)	-	-
Repayment of lease liabilities	41(c)	(2,262)	(2,207)	-	-
Repayment of hire purchase payables		(560)	(724)	(413)	(300)
Net (repayment)/drawdown of short-term borrowings		(28,246)	8,062	-	-
NET CASH FOR FINANCING ACTIVITIES		(71,589)	(35,070)	(471)	(353)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,546)	(56,440)	(863)	2,399
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		163,320	219,760	(2,808)	(5,207)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	41(d)	155,774	163,320	(3,671)	(2,808)

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : 802, 8th Floor, Block C, Kelana Square,
17, Jalan SS7/26, 47301 Petaling Jaya,
Selangor Darul Ehsan.

Principal place of business : 2nd Floor, Corporate Building,
Unipark Suria, Jalan Ikram-Uniten,
43000 Kajang, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 20 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***4.1.1 Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1.1 Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Property, Plant and Equipment

The Group determines whether an item of its property, plant and equipment is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 7 to the financial statements.

(c) Impairment of Investment Properties

The Group determines whether its investment properties are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of investment properties as at the reporting date is disclosed in Note 8 to the financial statements.

(d) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying amounts of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 14 and 15 to the financial statements.

(e) Revenue Recognition for Construction Services

The Group recognises construction revenue by reference to the construction progress based on the physical proportion of contract work certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of the performance obligation based on the contract work certified to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total contract costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amount of contract assets and contract liabilities as at the reporting date are disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

4.1.1 Key Sources of Estimation Uncertainty (Cont'd)

(f) Property Development

The Group recognises property development revenue and expenses in profit or loss by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation.

Significant judgement is required in determining the measure of progress, the extent of the property development cost incurred, the estimated total property development revenue and cost, as well as the recoverability of the property development cost. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amounts of the land held for property development and property development costs as at the reporting date are disclosed in Note 10 to the financial statements.

4.1.2 Critical Judgement Made in Applying Accounting Policies

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

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

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

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

(b) Contingent Liabilities

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

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

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

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

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

(b) Non-controlling Interests

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

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

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency and has been rounded to the nearest thousand unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments (Cont'd)

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

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

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

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

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derivative Financial Instruments

Derivatives financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(f) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Solar plant	4.7%
Buildings	2%
Renovation	10% - 33.33%
Reference books, office equipment, furniture and fittings	10% - 33.33%
Laboratory equipment, plant and machinery	12.50% - 20%
Motor vehicles	12.50% - 20%

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use assets held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are 50 years. Investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4.10 LEASES

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

The Group has elected not to separate non-lease from lease components of (type of right-of-use assets). Instead, the Group has accounted for lease component and the associated non-lease components as a single lease arrangement.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 LEASES (CONT'D)

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

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

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

4.11 INVENTORIES

(a) Land Held for Property Development

Land held for property development represents freehold land and right-of-use assets (leasehold land) on which development activities are not expected to be completed within the normal operating cycle.

Land held for property development is classified within non-current assets and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of freehold land, payment of the right-of-use asset (leasehold land), professional fees, stamp duties, commissions, conversion fees and other relevant levies. Pre-acquisition costs are charged to profit or loss as incurred unless such costs are directly identifiable to the consequent property development activity.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the land held for property development will be the best available measure of the net realisable value.

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

(b) Property Development Costs

Property development costs are those assets on which significant works have been undertaken and are expected to be completed within the normal operating cycle.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 INVENTORIES (CONT'D)

(b) Property Development Costs (Cont'd)

Property development costs comprise costs associated with the purchase of freehold land, payment for the right-of-use asset (leasehold land) and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities as well as borrowing costs relating to the financing of the development activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

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

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

(c) Developed Properties Held for Sale

Developed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by the specific identification method and comprises the cost associated with the purchase of freehold land, payment for the right-of-use assets (leasehold land), construction costs and other related development expenditure incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary in selling the completed property.

(d) Other Inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 CONTRACT COST ASSETS

(a) Incremental Costs of Obtaining a Contract

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

(b) Costs to Fulfil a Contract

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

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

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

4.13 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.14 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 IMPAIRMENT (CONT'D)

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.16 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.18 BORROWING COSTS

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

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

4.19 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 INCOME TAXES (CONT'D)

(b) Deferred Tax (Cont'd)

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

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

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

4.20 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.21 CONTINGENT LIABILITIES

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

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

4.22 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to leasing transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

Level 2: Inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from rendering of services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(c) Education and Training Fees

Tuition and training fees, are recognised on an accrual basis whereas non-refundable registration and enrolment fees are recognised when chargeable.

(d) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the output method by reference to the construction progress based on the physical proportion of construction work certified by professional consultants. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

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

(e) Property Development

Property development contracts with customers may include multiple promises to customers and are accounted for as separate performance obligations. Transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(e) Property Development (Cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by using an input method which is based on cost incurred to-date relative to the total expected cost to the satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(f) Engineering, Procurement, Construction and Commissioning ("EPCC")

The Group provides turnkey EPCC services in solar energy solution to customers. The end-to-end solutions covers the initial feasibility to in-dept system designs and installations, project commissioning to project handover that caters to various types of solar projects.

EPCC contracts involve multiple deliverables, such as solar system design, supply of solar energy equipment, installation of solar energy system and testing of newly installed solar energy system.

As the Group provides significant integrated service for the multiple performance obligations, they are accounted for as a single performance obligation.

Revenue for EPCC services is recognised overtime in the period in which the goods and services rendered using the output method, by reference to the percentage of completion of the work progress report acknowledged by the customer. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Invoices to trade customers are based on a payment schedule in the contract and are typically triggered upon achievement on specified EPCC milestones. A contract asset is recognised when the Group has performed under the contract but have not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but have billed or received advance payments from the customers.

(g) Energy Sale

The Group sells electricity generated through its solar plant to electric utility company, Tenaga Nasional Berhad under a 21-year renewable energy power purchase agreement. Revenue is recognised upon delivery of electricity by kilowatt-hour to the utility company's grid and acceptance by the utility company.

(h) Room Revenue

Hotel revenue from room rental is recognised over-time during the period of stay for the hotel guests.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(i) Food, Beverage and Other Ancillary Services Revenue

Revenue from food, beverage and other ancillary services are generally recognised at the point in time when the services are rendered.

4.25 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

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

(b) Interest Income

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

(c) Management Fee

Management fee is recognised when services are rendered.

(d) Rental Income

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

(e) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met. These grants are presented as other income in profit or loss.

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
At cost:		
Unquoted shares in Malaysia:		
- ordinary shares	152,679	152,679
- Redeemable Convertible Preference Shares	17,500	17,500
	170,179	170,179
Unquoted shares outside Malaysia:		
- ordinary shares	327	327
	170,506	170,506

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the financial year:-

- (a) the Company incorporated a new company in Malaysia Ikram Works Sdn. Bhd. ("IWSB"), through the subscription of 2 ordinary shares at a total consideration of RM2, representing 100% equity interest in IWSB.
- (b) the Group carried out an internal restructuring exercise whereby:-
- (i) HCM Engineering Sdn. Bhd. ("HCME"), a wholly-owned subsidiary of the Company, has transferred the shareholding of its entire 100% equity interest held in HCM Kasturi Sdn. Bhd. ("HCMK") to the Company;
 - (ii) Kumpulan Ikram Sdn. Bhd. ("KISB"), a wholly-owned subsidiary of the Company, has transferred the shareholding of its entire 100% equity interest held in Ikram QA Services Sdn. Bhd. ("IQASSB"), Ikram Paves Sdn. Bhd. ("IPSB") and Ikram Engineering Services Sdn. Bhd. ("IESSB"), respectively to IWSB; and
 - (iii) Ikram Latihan Sdn. Bhd. ("ILSB"), an indirect wholly-owned subsidiary of the Company, has transferred the shareholding of its entire 100% equity interest held in Ikram Skills Academy Sdn. Bhd. ("ISASB") to IWSB.

The transfer of ordinary shares above has no effect on the financial results of the Group.

- (c) the Group through IWSB has further acquired the remaining 70% equity interest in Ikram Engineering Consulting Sdn. Bhd. ("IECSB") for a total cash consideration of RM2. Following the completion of the acquisition, the Group increased its equity interest held in IECSB from 30% to 100% and the latter became a wholly-owned subsidiary of the Group.
- (d) the Group through HCME has disposed 49% equity interest in Infra Water Sdn. Bhd., for cash consideration of RM11,675.
- (e) the Group through KISB has disposed 49% equity interest in Ikram International Sdn. Bhd., for cash consideration of RM98,000.

The effects of the acquisition of subsidiary and disposal of equity interest in subsidiaries during the financial year, has no significant impact on the financial statements of the Group for the current financial year and the financial position of the Group as at the end of the reporting period.

Details of subsidiaries held by the Company are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
HCM Engineering Sdn. Bhd.	Malaysia	100	100	Buildings, bridges and road construction, rehabilitation and maintenance.
Kumpulan Ikram Sdn. Bhd.	Malaysia	100	100	Engineering and geotechnical related activities and services.
Protasco Trading Sdn. Bhd.	Malaysia	100	100	Trading of construction materials, products and equipment, petroleum based products and highway safety products and equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held by the Company are as follows (Cont'd):-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Protasco Infra Sdn. Bhd.	Malaysia	100	100	Investment holding and provision of management services.
Protasco Development Sdn. Bhd.	Malaysia	100	100	Property development.
Protasco Venture Partners Inc. Δ	British Virgin Islands	100	100	Investment holding.
Ikram Greentech Sdn. Bhd.	Malaysia	100	100	Investment holding and providing green project management services.
HCM Kasturi Sdn. Bhd. *	Malaysia	100	-	Dormant.
Ikram Works Sdn. Bhd.	Malaysia	100	-	Investment holding.

Details of subsidiaries held through HCM Engineering Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Permint Granite-HCM Sdn. Bhd.	Malaysia	70	70	Road maintenance and rehabilitation.
HCM Kijang Sdn. Bhd.	Malaysia	60	60	Road maintenance and rehabilitation.
Roadcare (M) Sdn. Bhd. *	Malaysia	51	51	Road maintenance and rehabilitation.
HCM (L) Bhd. ^	FT Labuan	100	100	Investment holding.
HCM-Ikhtisas Sdn. Bhd. *	Malaysia	78	78	Investment holding.
HCM Arabia Sdn. Bhd. *	Malaysia	78	78	Trading of construction premix products.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through HCM Engineering Sdn. Bhd. are as follows (Cont'd):-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
HCM-Molek JV Sdn. Bhd. *	Malaysia	60	60	Road construction and rehabilitation.
HCM Kasturi Sdn. Bhd. *	Malaysia	-	100	Dormant.
Konsortium HCM Perkasa Sdn. Bhd. *	Malaysia	100	100	Dormant.
Infra Water Sdn. Bhd. *	Malaysia	51	100	Dormant.
H C M Builders Lanka (Private) Limited @	Sri Lanka	100	100	Dormant.

Details of a subsidiary held through HCM (L) Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Global Traders Ltd. ^	FT Labuan	100	100	Dormant.

Details of subsidiaries held through Kumpulan Ikram Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Ikram Engineering Services Sdn. Bhd.	Malaysia	-	100	Site investigation and soil testing services.
Kumpulan Ikram (Sabah) Sdn. Bhd.	Malaysia	60	60	Site investigation and soil testing services.
Ikram Education Sdn. Bhd.	Malaysia	100	100	Providing tertiary education.
Ikram Latihan Sdn. Bhd. *	Malaysia	100	100	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Kumpulan Ikram Sdn. Bhd. are as follows (Cont'd):-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Ikram QA Services Sdn. Bhd.	Malaysia	-	100	Certification and listing of products.
Ikram Paves Sdn. Bhd.	Malaysia	-	100	Provision of evaluation and testing services for road pavement.
Ikram International Sdn. Bhd. *	Malaysia	51	100	Dormant.
Ikram Libyana Sdn. Bhd. *	Malaysia	60	60	Dormant.

Details of a subsidiary held through Ikram Latihan Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Ikram Skills Academy Sdn. Bhd.	Malaysia	-	100	Provision of skills training courses.

Details of a subsidiary held through Ikram Education Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Ikram Infra Ventures Sdn. Bhd. *	Malaysia	100	100	Providing training and education services.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Protasco Trading Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
QP Industries Sdn. Bhd. *	Malaysia	100	100	Dealing in materials for road pavement and road maintenance.
QP Trading Sdn. Bhd. *	Malaysia	100	100	Dealing in materials for road pavement.

Details of subsidiaries held through Protasco Development Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Protasco Land Sdn. Bhd.	Malaysia	100	100	Property development.
De Centrum Development Sdn. Bhd.	Malaysia	100	100	Property development.
Sun Rock Development Sdn. Bhd. *	Malaysia	100	100	Property development.
De Centrum Land Sdn. Bhd.	Malaysia	100	100	Property development.
DC Resort Homes Sdn. Bhd.	Malaysia	100	100	Property development.
Jalur Saujana Sdn. Bhd. *	Malaysia	100	100	Property development.

Details of a subsidiary held through Protasco Land Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Protasco Land SA (Pty) Ltd. *	South Africa	100	100	Dormant.

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for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of subsidiaries held through Protasco Infra Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Ikram Land Sdn. Bhd.	Malaysia	100	100	Dormant.
Empayar Indera Sdn. Bhd.	Malaysia	51	51	Road maintenance and rehabilitation.

Details of subsidiaries held through Protasco Venture Partners Inc. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Protasco Agro Ltd. Δ	British Virgin Islands	100	100	Dormant.
PT. Protasco Infra Indonesia ("PPII") Δβ	Indonesia	67	67	Dormant.

Details of subsidiaries held through Ikram Greentech Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
I2 Energy Sdn. Bhd.	Malaysia	51	51	Solar panel installation contract work.
I2 Solarpark One Sdn. Bhd. ("I2SOSB") Ω	Malaysia	44	44	Supply of power and electricity derived from solar power plant.

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for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of a subsidiary held through I2 Energy Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Solarcap Sdn. Bhd. *	Malaysia	100	100	Solar panel installation contract work.

Details of subsidiaries held through Ikram Works Sdn. Bhd. are as follows:-

Name of Subsidiary	Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022 %	2021 %	
Ikram Engineering Services Sdn. Bhd.	Malaysia	100	-	Site investigation and soil testing services.
Ikram Skills Academy Sdn. Bhd.	Malaysia	100	-	Provision of skills training courses
Ikram QA Services Sdn. Bhd.	Malaysia	100	-	Certification and listing of products.
Ikram Paves Sdn. Bhd.	Malaysia	100	-	Provision of evaluation and testing services for road pavement.
Ikram Engineering Consulting Sdn. Bhd.	Malaysia	100	-	Provision of consultancy services.

Notes:-

^ The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

* These subsidiaries were audited by other firms of chartered accountants.

Δ These subsidiaries are not required to be audited under the laws of the country of incorporation.

@ The subsidiary is currently dormant and the audited financial statements and the auditors' reports on the financial statements are not available. The financial result of the subsidiary is not material to the Group.

β A company incorporated in Indonesia with a registered capital of USD1 million. The Group agreed to contribute 67% of the registered share capital whilst the remaining 33% equity interests will be contributed by a local business partner. Both parties have yet to inject their respective agreed capital contribution into PPII at the end of the reporting period.

Ω A company which has been assessed to be a subsidiary of the Group as the Group has control over I2SOSB.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of non-controlling interests ("NCI") at the end of the reporting period are as follows:-

	Roadcare %	PG-HCM %	EISB %	HCM-Molek %	HCMA %	KI-Sabah %		
<u>Effective Equity Interest</u>								
At 31.12.2021	49	30	49	40	22	40		
At 31.12.2022	49	30	49	40	22	40		
	Roadcare RM'000	PG-HCM RM'000	EISB RM'000	HCM-Molek RM'000	HCMA RM'000	KI-Sabah RM'000	Others RM'000	Total RM'000
<u>Total NCI</u>								
Balance at 31.12.2021	38,173	3,392	13,380	(2,253)	(9,054)	2,788	(1,636)	44,790
Balance at 31.12.2022	36,472	3,229	12,623	(2,348)	(9,081)	2,424	(2,388)	40,931

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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

	Roadcare RM'000	PG- HCM RM'000	EISB RM'000	HCM- Molek RM'000	HCMA RM'000	KI-Sabah RM'000
<u>At 31 December 2022</u>						
Non-current assets	18,326	2,030	5,893	-	-	890
Current assets	147,147	14,015	40,982	5,937	994	5,726
Non-current liabilities	(2,788)	(332)	(347)	-	-	-
Current liabilities	(88,252)	(4,951)	(20,766)	(11,806)	(42,273)	(556)
Net assets/(liabilities)	74,433	10,762	25,762	(5,869)	(41,279)	6,060
<u>Financial year ended 31 December 2022</u>						
Revenue	396,155	20,506	135,299	-	-	3,797
Profit/(Loss) for the financial year	6,527	2,457	4,456	(237)	(79)	(408)
Total comprehensive income/(expenses)	6,527	2,457	4,456	(237)	(127)	(408)
Total comprehensive income/(expenses) attributable to NCI	3,199	737	2,183	(95)	(27)	(164)
Dividends paid to non-controlling interests	4,900	900	2,940	-	-	200
Net cash flows (for)/from operating activities	58,273	2,755	6,716	4,910	(109)	(353)
Net cash flows (for)/from investing activities	(2,309)	(2,031)	(728)	74	-	(48)
Net cash flows for financing activities	(11,300)	(3,137)	(6,357)	-	-	(500)
Net increase/(decrease) in cash and cash equivalents	44,664	(2,413)	(369)	4,984	(109)	(901)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows (Cont'd):-

	Roadcare RM'000	PG- HCM RM'000	EISB RM'000	HCM- Molek RM'000	HCMA RM'000	KI-Sabah RM'000
At 31 December 2021						
Non-current assets	18,677	1,119	6,608	-	-	1,007
Current assets	200,292	17,890	34,740	140	1,103	6,678
Non-current liabilities	(2,133)	(245)	(249)	-	-	(36)
Current liabilities	(138,930)	(7,459)	(13,793)	(5,772)	(42,255)	(681)
Net assets/(liabilities)	77,906	11,305	27,306	(5,632)	(41,152)	6,968
Financial year ended 31 December 2021						
Revenue	580,585	20,755	128,090	4,557	-	4,569
Profit/(Loss) for the financial year	30,123	3,174	8,507	3,848	(159)	434
Total comprehensive income	30,123	3,174	8,507	3,848	15,029	434
Total comprehensive income attributable to NCI	14,760	953	4,169	1,539	3,306	174
Dividends paid to non-controlling interests	9,800	900	2,940	-	-	200
Net cash flows (for)/from operating activities	(41,283)	99	4,386	119	(3,217)	332
Net cash flows (for)/from investing activities	(7,746)	768	(2,405)	-	-	(148)
Net cash flows for financing activities	(21,284)	(3,315)	(6,354)	-	-	(500)
Net (decrease)/increase in cash and cash equivalents	(70,313)	(2,448)	(4,373)	119	(3,217)	(316)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

6. INVESTMENTS IN ASSOCIATES

	The Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At 1 January	8,231	8,214
Transfer from a subsidiary at fair value	-	47
Written off during the financial year	(26)	(30)
At 31 December	8,205	8,231
Share of post acquisition results, net of dividend received	10,927	9,981
Foreign exchange translation reserve	(438)	(438)
	18,694	17,774
Redeemable preference shares	1,400	1,400
	20,094	19,174
Accumulated impairment losses	(2,679)	(2,679)
	17,415	16,495

During the financial year:-

- (a) the Group carried out an internal restructuring exercise, whereby Kumpulan Ikram Sdn. Bhd. ("KISB"), a wholly-owned subsidiary of the Company, has transferred its entire 30% equity interest held in Ikram Premier Consulting Sdn. Bhd. ("IPCSB"), Ikram Engineering Consulting Sdn. Bhd. ("IECSB") and Kumpulan Ikram (Sarawak) Sdn. Bhd. ("KI Sarawak"), respectively to Ikram Works Sdn. Bhd. ("IWSB").

The transfer of ordinary shares above has no effect on the financial results of the Group.

Details of associates held through HCM Engineering Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2022 %	2021 %	
KPS-HCM Sdn. Bhd.	Malaysia	49	49	Buildings, bridges and road construction.
DAL HCM Sdn. Bhd.	Malaysia	30	30	Road maintenance and rehabilitation.
PJP Barisan HCM JV Sdn. Bhd.	Malaysia	30	30	Road maintenance and rehabilitation.
V-HCM Engineering & Construction Co., Ltd. ("V-HCM") #	Kingdom of Cambodia	70	70	Road construction and rehabilitation.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

6. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of associates held through Kumpulan Ikram Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2022 %	2021 %	
Ikram Premier Consulting Sdn. Bhd.	Malaysia	-	30	Provision of consultancy services.
Ikram Engineering Consulting Sdn. Bhd.	Malaysia	-	30	Provision of consultancy services.
Ikram Premier Infrastructure Sdn. Bhd.	Malaysia	30	30	Dormant.
Kumpulan Ikram (Sarawak) Sdn. Bhd.	Malaysia	-	30	Site investigation and soil testing services.

Details of an associate held through Ikram Education Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2022 %	2021 %	
IUKL Molecular Systems Sdn. Bhd.	Malaysia	20	20	Dormant.

Details of an associate held through HCM-Ikhtisas Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2022 %	2021 %	
Libyan Malaysian Company for Roads and Construction *	Libya	49	49	Construction and maintenance.

Details of associates held through Ikram Works Sdn. Bhd. are as follows:-

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2022 %	2021 %	
Ikram Premier Consulting Sdn. Bhd.	Malaysia	30	-	Provision of consultancy services.
Kumpulan Ikram (Sarawak) Sdn. Bhd.	Malaysia	30	-	Site investigation and soil testing services.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

6. INVESTMENTS IN ASSOCIATES (CONT'D)

Notes:-

A company which has been assessed to be an associate of the Group as the Group only has significant influence over V-HCM. The associate company is not required to be audited under the laws of the country of incorporation.

* The management accounts of Libyan Malaysian Company for Roads and Construction for the financial year ended 31 December 2022 have been used for the purpose of applying the equity method of accounting. As no results have been generated by the associated company during the financial year, there was no share of profit or loss recognised for the financial year.

The Group has impaired its investment in Libyan Malaysian Company for Roads and Construction in prior years due to a civil war in Libya.

(a) The summarised unaudited financial information for the associate that is material to the Group is as follows:-

	KPS-HCM Sdn. Bhd.	
	2022	2021
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	221	372
Current assets	21,377	42,599
Non-current liabilities	(41)	(15)
Current liabilities	(10,481)	(32,254)
Net assets	11,076	10,702
<u>12 months Period Ended 31 December</u>		
Revenue	4,130	6,935
Profit for the financial period	374	34
Total comprehensive income	374	34
Group's share of profit for the financial period	183	17
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets above	5,427	5,244
Carrying amount of the Group's interest in this associate	5,427	5,244

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

6. INVESTMENTS IN ASSOCIATES (CONT'D)

(a) The summarised unaudited financial information for the associate that is material to the Group is as follows (Cont'd):-

	DAL HCM Sdn. Bhd.	
	2022 RM'000	2021 RM'000
<u>At 31 December</u>		
Non-current assets	5,148	4,580
Current assets	59,337	73,716
Non-current liabilities	(740)	(724)
Current liabilities	(42,788)	(57,880)
Net assets	20,957	19,692
<u>12 months Period Ended 31 December</u>		
Revenue	85,452	80,707
Profit for the financial period	4,267	6,704
Total comprehensive income	4,267	6,704
Group's share of profit for the financial period	1,280	2,011
Dividend received	900	1,800
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets above	6,288	5,908
Goodwill	3,692	3,692
Carrying amount of the Group's interest in this associate	9,980	9,600

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

6. INVESTMENTS IN ASSOCIATES (CONT'D)

(a) The summarised unaudited financial information for the associate that is material to the Group is as follows (Cont'd):-

	PJP Barisan HCM JV Sdn. Bhd.	
	2022	2021
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	832	922
Current assets	7,735	14,521
Non-current liabilities	(89)	(139)
Current liabilities	(2,539)	(9,895)
Net assets	5,939	5,409
<u>12 months Period Ended 31 December</u>		
Revenue	26,244	28,127
Profit for the financial period	1,530	2,156
Total comprehensive income	1,530	2,156
Group's share of profit for the financial period	459	647
Dividend received	300	-
<u>Reconciliation of Net Assets to Carrying Amount</u>		
Group's share of net assets above	1,782	1,623
Carrying amount of the Group's interest in this associate	1,782	1,623

(b) The summarised unaudited financial information for all associates (except for Libyan Malaysian Company for Roads and Construction) that are individually immaterial to the Group is as follows:-

	Individually Immaterial Associates	
	2022	2021
	RM'000	RM'000
<u>Financial year ended 31 December</u>		
Group's share of profit for the financial year	224	10
Aggregate carrying amount of the Group's interests in these associates	226	28

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

7. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land RM'000	Solar Plant RM'000	Buildings RM'000	Renovation RM'000	Reference Books, Office Equipment, Furniture and Fittings RM'000	Laboratory Equipment, Plant and Machinery RM'000	Motor Vehicles RM'000	Total RM'000
At cost								
At 1 January 2022	62,782	27,507	145,403	26,208	63,324	82,824	47,323	455,371
Additions	-	303	-	3,271	2,621	2,793	3,856	12,844
Disposals	-	-	-	-	(220)	(495)	(2,213)	(2,928)
Acquisition of a subsidiary	-	-	-	-	448	322	90	860
Cost saving	-	(58)	(1,287)	-	-	-	-	(1,345)
Written off	-	-	-	-	(39)	(97)	-	(136)
At 31 December 2022	62,782	27,752	144,116	29,479	66,134	85,347	49,056	464,666
Accumulated impairment loss								
At 1 January 2022	-	-	-	-	-	-	-	-
Addition	-	-	2,608	-	-	-	-	2,608
At 31 December 2022	-	-	2,608	-	-	-	-	2,608
Accumulated depreciation								
At 1 January 2022	-	983	25,383	22,326	56,195	72,877	32,774	210,538
Depreciation charges	-	1,322	2,847	1,363	2,311	2,343	3,621	13,807
Disposals	-	-	-	-	(189)	(491)	(1,882)	(2,562)
Acquisition of a subsidiary	-	-	-	-	448	322	90	860
Written off	-	-	-	-	(39)	(49)	-	(88)
At 31 December 2022	-	2,305	28,230	23,689	58,726	75,002	34,603	222,555
Carrying amount at 31 December 2022	62,782	25,447	113,278	5,790	7,408	10,345	14,453	239,503

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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

The Group	Freehold Land	Solar Plant	Buildings	Renovation	Furniture and Fittings	Laboratory Equipment, Plant and Machinery	Motor Vehicles	Capital Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At cost									
At 1 January 2021	62,782	-	141,703	25,102	61,393	78,502	45,410	27,816	442,708
Additions	-	43	5,000	1,503	2,368	5,758	4,292	-	18,964
Disposals	-	-	-	(10)	(281)	(190)	(1,050)	-	(1,531)
Disposal of a subsidiary	-	-	(1,300)	(360)	(132)	(1,249)	(1,319)	-	(4,360)
Cost saving	-	(352)	-	-	-	-	-	-	(352)
Reclassification	-	27,816	-	-	(3)	3	-	(27,816)	-
Written off	-	-	-	(27)	(21)	-	(10)	-	(58)
At 31 December 2021	62,782	27,507	145,403	26,208	63,324	82,824	47,323	-	455,371
Accumulated depreciation									
At 1 January 2021	-	-	22,707	21,340	54,354	72,262	31,274	-	201,937
Depreciation charges	-	983	2,769	1,228	2,269	2,025	3,547	-	12,821
Disposals	-	-	-	-	(289)	(190)	(822)	-	(1,301)
Disposal of a subsidiary	-	-	(93)	(224)	(116)	(1,211)	(1,226)	-	(2,870)
Reclassification	-	-	-	-	(2)	(9)	11	-	-
Written off	-	-	-	(18)	(21)	-	(10)	-	(49)
At 31 December 2021	-	983	25,383	22,326	56,195	72,877	32,774	-	210,538
Carrying amount at 31 December 2021	62,782	26,524	120,020	3,882	7,129	9,947	14,549	-	244,833

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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

	Office Equipment, Furniture and Fittings	
	2022 RM'000	2021 RM'000
The Company		
At cost		
At 1 January	1,076	223
Additions	74	855
Disposal	(15)	(2)
At 31 December	1,135	1,076
Accumulated depreciation		
At 1 January	(359)	(160)
Depreciation charge	(234)	(201)
Disposal	15	2
At 31 December	(578)	(359)
Carrying amount	557	717

- (a) The carrying amounts of the property, plant and equipment of the Group at the end of the reporting period pledged as security with the financial institutions for credit facilities granted to the Group as disclosed in Note 30 and Note 33 to the financial statements were as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Freehold land	62,782	62,782
Buildings	61,380	62,956
Solar plant	25,447	26,524
	149,609	152,262

- (b) Included in the carrying amounts of the property, plant and equipment of the Group at the end of the reporting period were the following assets held under hire purchase arrangements:-

	The Group	
	2022 RM'000	2021 RM'000
Plant and machineries	2,737	916
Motor vehicles	744	875
Computer systems	442	646
	3,923	2,437

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

8. INVESTMENT PROPERTIES

The Group	Mall RM'000	Condominium RM'000	Total RM'000
At cost			
At 1 January 2022/31 December 2022	38,807	46,319	85,126
Accumulated depreciation			
At 1 January 2022	(4,970)	(5,057)	(10,027)
Depreciation charges	(851)	(972)	(1,823)
At 31 December 2022	(5,821)	(6,029)	(11,850)
Carrying amount at 31 December 2022	32,986	40,290	73,276

**At fair value:-
2022**

38,000	55,088
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The Group	Mall RM'000	Condominium RM'000	Total RM'000
At cost			
At 1 January 2021/31 December 2021	38,807	46,319	85,126
Accumulated depreciation			
At 1 January 2021	(4,119)	(4,085)	(8,204)
Depreciation charges	(851)	(972)	(1,823)
At 31 December 2021	(4,970)	(5,057)	(10,027)
Carrying amount at 31 December 2021	33,837	41,262	75,099
At fair value:- 2021			
38,000	55,088		

Notes:-

- (a) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 to 15 years and an option that is exercisable by the customers to extend their leases ranging from 1 to 3 years.

The Group requires 1 to 3 months of advanced rental payments from the customers. When considered necessary, the Group would require a bank guarantee on certain of its lease arrangements. The leases do not include residual value guarantee and variable lease payments that depend on an index or rate.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

8. INVESTMENT PROPERTIES (CONT'D)

- (b) As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

The Group	Mall RM'000	Condominium RM'000	Total RM'000
2022			
Within 1 year	1,576	2,052	3,628
Between 1 and 2 years	1,370	-	1,370
Between 2 and 3 years	1,256	-	1,256
Between 3 and 4 years	978	-	978
Between 4 and 5 years	767	-	767
Later than 5 years	2,738	-	2,738
	8,685	2,052	10,737
2021			
Within 1 year	1,751	126	1,877
Between 1 and 2 years	1,443	8	1,451
Between 2 and 3 years	1,306	-	1,306
Between 3 and 4 years	829	-	829
Between 4 and 5 years	829	-	829
Later than 5 years	4,215	-	4,215
	10,373	134	10,507

- (c) The fair values of the investment properties are within level 2 of the fair value hierarchy.

The fair values of investment properties were determined by reference to:-

- (i) market evidence of transaction prices for similar properties;
- (ii) valuation reports performed by registered valuers having appropriate professional qualification; and
- (iii) recent experience in the locations and category of properties being valued.

The most significant input into these valuation approaches is the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

9. RIGHT-OF-USE ASSETS

The Group	At 1.1.2022 RM'000	Additions RM'000	Depreciation Charges RM'000	At 31.12.2022 RM'000
Leasehold land	7,011	-	(280)	6,731
Offices and shop lots	2,136	2,420	(2,095)	2,461
	9,147	2,420	(2,375)	9,192

Analysed by:-

Cost	19,762
Accumulated depreciation	(10,570)
	9,192

The Group	At 1.1.2021 RM'000	Additions RM'000	Depreciation Charges RM'000	At 31.12.2021 RM'000
Leasehold land	7,290	-	(279)	7,011
Offices and shop lots	3,100	1,047	(2,011)	2,136
	10,390	1,047	(2,290)	9,147

Analysed by:-

Cost	18,398
Accumulated depreciation	(9,251)
	9,147

- (a) The Group leases certain pieces of leasehold land, various offices and shop lots of which the leasing activities are summarised below:-
- (i) Leasehold land The Group has entered into several non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years with no renewal or purchase option included in the agreements.
 - (ii) Offices and shop lots The Group has leased a number of offices and shop lots that run between 1 year and 3 years, with an option to renew the lease after that date.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

10. INVENTORIES

	The Group	
	2022 RM'000	2021 RM'000
Non-current:-		
Land held for property development (Note 10(a))	41,067	40,700
Current:-		
Property development costs (Note 10(b))	18,626	17,028
Stores and spares	1,323	1,305
Developed properties held for sale	14,685	14,685
	34,634	33,018
	75,701	73,718

	The Group	
	2022 RM'000	2021 RM'000
Recognised in profit or loss:-		
Inventories recognised as cost of sales	217,933	298,394

(a) Land held for property development (non-current)

	The Group	
	2022 RM'000	2021 RM'000
At cost:-		
At 1 January	40,700	42,517
Transfer from/(to) property development costs	367	(1,817)
At 31 December	41,067	40,700
Comprise:-		
Freehold land - proprietor's entitlement	37,334	36,967
Right-of-use assets (leasehold land)	3,733	3,733
	41,067	40,700

The right-of-use assets (leasehold land) comprises one (2021 - one) parcels of commercial land which were pledged to a financial institution as security for credit facilities granted to the Group as disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

10. INVENTORIES (CONT'D)**(b) Property development costs (current)**

	The Group	
	2022 RM'000	2021 RM'000
At 1 January:-		
Freehold land	1,817	-
Right-of-use assets (leasehold land)	12,265	12,265
Development costs	2,946	958
	17,028	13,223
During the financial year:-		
Additions	7,285	1,988
Transferred (to)/from land held for property development	(367)	1,817
	6,918	3,805
Costs recognised in profit or loss during the financial year:-		
Development costs	(5,320)	-
At 31 December	18,626	17,028
Represented by:-		
Freehold land	1,450	1,817
Right-of-use assets (leasehold land)	12,265	12,265
Development costs	4,911	2,946
	18,626	17,028

The freehold land and right-of-use assets (leasehold land) included in the property development costs of the Group are pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 30 and Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

11. LONG-TERM INVESTMENTS

	The Group	
	2022 RM'000	2021 RM'000
At fair value:-		
Unquoted shares	10	10
Golf club memberships	135	135
	145	145
Unquoted shares:-		
At 1 January/31 December	10	10
Golf club memberships:-		
At 1 January/31 December	135	135

12. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	(2,275)	(4,248)
Recognised in profit or loss (Note 39)	(40)	1,973
At 31 December	(2,315)	(2,275)
Presented as follows:-		
Deferred tax assets	115	114
Deferred tax liabilities	(2,430)	(2,389)
	(2,315)	(2,275)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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

The deferred tax assets/(liabilities) recognised at the end of the reporting period and before appropriate offsetting are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets:-				
Provision	1,916	1,916	-	-
Lease liability	1,461	1,314	-	-
Unutilised tax losses	561	648	-	-
Unabsorbed capital allowances	1,813	1,813	7	7
	5,751	5,691	7	7
Deferred tax liabilities:-				
Accelerated capital allowances	(7,167)	(7,066)	(7)	(7)
Right-of-use assets	(899)	(900)	-	-
	(8,066)	(7,966)	(7)	(7)
Net	(2,315)	(2,275)	-	-

The deferred tax assets on unutilised tax losses and unabsorbed capital allowances have been recognised on the basis of the Group's previous history of recording profits and to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

No deferred tax assets have been recognised in respect of the following items (stated at gross):-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Excess of depreciation over capital allowances	270	284	-	-
Provision	24,943	16,123	-	-
Unutilised tax losses	79,281	68,675	-	-
Unabsorbed capital allowances	34,653	23,892	79	42
Others	211	-	-	-
	139,358	108,974	79	42

At the end of the reporting period, the unutilised tax losses and unabsorbed capital allowances that (stated at gross) are available to offset against future taxable profits of the subsidiaries and the Company in which the losses and allowances arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries and the Company will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

13. CONTRACT COST ASSETS

	The Group	
	2022 RM'000	2021 RM'000
Costs to fulfil a contract	953	606

The costs to fulfil a contract represent material costs incurred for energy solution works that will be used to fulfil the related contract in future. The costs were amortised on a straight-line method over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

14. TRADE RECEIVABLES

	The Group	
	2022 RM'000	2021 RM'000
Trade receivables	184,933	236,810
Retention sums	44,093	57,977
	229,026	294,787
Allowance for impairment losses	(58,212)	(47,170)
	170,814	247,617
Allowance for impairment losses:-		
At 1 January	(47,170)	(49,946)
Addition during the financial year	(12,700)	(8,199)
Acquisition of a subsidiary	(18)	-
Reversal during the financial year	865	6,824
Write-off during the financial year	811	4,151
At 31 December	(58,212)	(47,170)

The Group's normal trade credit terms range from 30 to 90 (2021 - 21 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The retention sums are unsecured, interest-free and due to be received within 6 to 24 months or within normal operating cycle (2021 - 6 to 24 months or within normal operating cycle).

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

15. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2022 RM'000	2021 RM'000
Contract assets relating to:		
- Construction contracts	7,662	5,813
- Rendering of services	632	-
	8,294	5,813

The contract assets primarily relate to the Group's right to consideration for completed works but not yet billed as at the reporting date. The contract assets are recoverable upon billing to customers.

	The Group	
	2022 RM'000	2021 RM'000
Contract liabilities relating to:		
- Amount billed for unfulfilled performance obligation	(31)	-
- Advances received from customers	(10,000)	-
At 31 December	(10,031)	-

The contract liabilities primarily relate to advances received from contract customers to render services of which the amount will be recognised as revenue over the remaining contract terms when the performance obligations are satisfied.

16. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables	95,044	93,159	84,683	84,650
Deposits	24,902	23,974	17	14
Prepayments	731	5,464	4	751
	120,677	122,597	84,704	85,415
Allowance for impairment losses	(109,193)	(108,439)	(84,644)	(84,644)
	11,484	14,158	60	771
Allowance for impairment losses:-				
At 1 January	(108,439)	(110,033)	(84,644)	(84,644)
Acquisition of a subsidiary	(754)	-	-	-
Reversal during the financial year	-	47	-	-
Write-off during the financial year	-	1,547	-	-
At 31 December	(109,193)	(108,439)	(84,644)	(84,644)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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

Included in the other receivables and deposits of the Group and of the Company was an amount of RM84,643,170 (2021 - RM84,643,170) paid for the proposed acquisition of 78,750,000 ordinary shares of IDR1,000 each, representing 63% equity interest in PT Anglo Slavic Indonesia. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 47(a) to the financial statements.

Included in the deposits of the Group was an amount of RM18,904,000 (2021 - RM18,904,000) paid as coal trades deposits. The amount has been fully impaired in the financial year ended 31 December 2014. Notwithstanding that, the Group has initiated legal proceedings to recover the amount as disclosed in Note 47(b) to the financial statements.

17. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022	2021
	RM'000	RM'000
Amount Owing By Subsidiaries		
Non-trade balances	95,654	97,266
Allowance for impairment losses	(1,260)	(1,163)
	94,394	96,103
Amount Owing to Subsidiaries		
Allowance for impairment losses:-		
At 1 January	(1,163)	(978)
Addition during the financial year	(97)	(185)
At 31 December	(1,260)	(1,163)
Non-trade balances	(3,233)	(3,238)

The amounts owing are non-trade in nature, unsecured, and bore effective interest rates ranging from 5.53% to 6.70% (2021 - 1.50% to 6.45%) per annum and repayable on demand. The amounts owing are to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

18. AMOUNTS OWING BY/(TO) ASSOCIATES

	The Group	
	2022 RM'000	2021 RM'000
Amount Owing by Associates		
Trade balances	348	1,646
Amount Owing to Associates		
Trade balances	(4,114)	(1,390)

The trade balances are subject to normal trade credit terms ranging from 30 to 90 (2021 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

19. SHORT-TERM INVESTMENTS

	The Group	
	2022 RM'000	2021 RM'000
Money market fund, at fair value	28,887	32,789

Short-term investments are classified as financial assets at fair value through profit or loss, measured at fair value.

20. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to approximately RM10,812,000 (2021 - RM4,231,000) are pledged to banks for bank guarantees and credit facilities granted to the subsidiaries.

The effective interest rates of the deposits with licensed banks at the end of the reporting period were as follows:-

	The Group		The Company	
	2022 %	2021 %	2022 %	2021 %
Effective Interest Rates	1.75 to 12.00	1.20 to 3.00	1.85	1.60

The maturity periods of the deposits with licensed banks at the end of the reporting period were as follows:-

Maturity periods (day)	7 to 365	30 to 365	30	30
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NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

21. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are as follows:-

- (i) a sum of approximately RM1,447,838 (2021 - RM7,310,139) held under a Housing Development Account pursuant to Section 7A of the Housing Development (Control & Licensing) Act 1966.
- (ii) a Debt Service Account amounting to RM1,000,000 (2021 - RM1,000,000) pledged to a licensed bank for bank overdraft facilities granted to a subsidiary.
- (iii) a Finance Service Account amounting to RM402,000 (2021 - RM402,000) pledged to a licensed bank for term loan facility granted to a subsidiary.
- (iv) in the previous financial year, a Debt Service Account amounted to RM867,000 pledged to a licensed bank for banking facilities granted to a subsidiary.

22. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number of Shares		RM'000	
	'000	'000	RM'000	RM'000
Issued and fully paid-up				
At 1 January/31 December	495,392	495,392	249,437	249,437

Of the total 495,392,310 (2021 - 495,392,310) issued and fully paid-up ordinary shares at the end of the reporting period, ordinary shares amounted to 13,656,900 (2021 - 13,651,900) were held as treasury shares by the Company. At the end of the reporting period, the number of outstanding ordinary shares in issue and fully paid-up, net of treasury shares, amounted to 481,735,410 (2021 - 481,740,410).

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

23. TREASURY SHARES

	The Group/The Company	
	2022 RM'000	2021 RM'000
At 1 January	3,752	3,752
Share buy-back during the financial year	1	-
At 31 December	3,753	3,752

The amount relates to the acquisition cost of treasury shares.

At the annual general meeting held on 1 June 2022, the shareholders of the Company approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company purchased its issued ordinary shares from the open market under the share buy-back programme. Details are as follows:-

Date	Price per Share RM	Number of Shares	Total Costs RM'000
At 1 January 2022		13,651,900	3,752
Purchases in the month of:			
- March 2022	0.19	5,000	1
At 31 December 2022		13,656,900	3,753

The total shares purchased under the share buy-back programme were financed by internally generated funds. The shares purchased were retained as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from shareholders' equity. None of the treasury shares were resold during the financial year.

24. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of foreign subsidiaries, foreign associates and foreign branch and is not distributable by way of dividends.

25. CAPITAL RESERVE

The capital reserve relates to the Group's portion of bonus shares issued by a sub-subsidiary through the capitalisation of its retained profits account. The reserve is not distributable as cash dividends.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

26. WARRANTS

On 26 April 2018, the Company issued 106,051,448 Warrants 2018/2023 on the basis of one (1) free Warrant for every four (4) ordinary shares held in the Company. The salient features of Warrants 2018/2023 as constituted in the Deed Poll dated 10 April 2018 are as follows:-

Terms	Details
Exercise Rights	Each Warrant entitles the Warranholder, at any time during the Exercise Period, to subscribe for one (1) new Ordinary Share at the Exercise Price subject to the conditions in accordance with provisions of the Deed Poll.
Exercise Period	The period commencing on and including the date of issuance of the Warrants and ending at the close of business at 5.00p.m. in Kuala Lumpur, on the Expiry Date. Any Warrants which has not been exercised during the Exercise Period will cease to be valid for any purpose and will be deemed to have lapsed.
Expiry Date	The day preceding the 5 th anniversary of the date of issuance of the Warrants and if such day is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.
Market Day	Any day between Monday to Friday (inclusive), excluding public holidays, and on which Bursa Securities is open for trading of securities.
Exercise Price	The price payable by a Warranholder upon exercise of the Exercise Rights attached to the Warrants being RM0.75 or adjusted price as determined in accordance with provisions of the Deed Poll, if applicable.
Rights of the Warranholders	<p>The new Ordinary Share to be issued from the exercise of the Warrants will, upon allotment and issuance, rank equally in all respects with the existing Ordinary Shares, save and except that the new Ordinary Shares to be issued from the exercise of the Warrants shall not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid for which the relevant entitlement date is before the date of allotment and issuance of the new Ordinary Shares from the exercise of the Warrants;</p> <p>Warranholders are not entitled to vote in any general meeting of the Company or to participate in any distribution and/or offer to further securities to the Ordinary Shareholders in the Company unless and until the Warranholders become Ordinary Shareholders by exercising their respective Warrants in accordance with the terms and conditions contained herein or unless otherwise provided in the Deed Poll.</p>
Board Lot	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise of 100 Warrants carrying the rights to subscribe for 100 new Ordinary Shares at any time during the Exercise Period, or such other denomination as may be varied from time to time by Bursa Malaysia Securities Berhad ("Bursa Securities").
Modification of Rights of the Warranholders	The Company may, from time to time, without the consent or sanction of the Warranholders, but in accordance with the Deed Poll, modify the Deed Poll, if such modification made does not materially prejudice the interests of the Warranholders or is made to correct a manifest error or to comply with prevailing laws of Malaysia, and/or the Main Market Listing Requirements of Bursa Securities.
Governing Law and Jurisdiction	The Deed Poll shall be governed by, and construed in accordance with, the laws of Malaysia and the Courts of Malaysia shall have the exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Deed Poll, and the Company submits and the Warranholders shall be deemed to have submitted to the exclusive jurisdiction of the Courts of Malaysia in respect of any legal action or proceedings arising out of or in connection with the Deed Poll.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

26. WARRANTS (CONT'D)

The following is the movement in the number of Warrants 2018/2023 to take up unissued ordinary shares of the Company during the financial year:-

	Number of Warrants 2018/2023
At 1 January 2022/31 December 2022	106,051,448

27. LONG-TERM BORROWINGS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Secured:-				
Hire purchase payables (Note 29)	1,803	499	-	103
Term loans (Note 30)	53,397	68,896	-	-
	55,200	69,395	-	103

The long-term borrowings are obtained in accordance with the following terms:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Conventional:-				
Hire purchase payables	1,803	499	-	103
Term loans	10,021	16,127	-	-
	11,824	16,626	-	103
Islamic:-				
Term loans	43,376	52,769	-	-
	55,200	69,395	-	103

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

28. LEASE LIABILITIES

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	6,799	8,007
Addition during the financial year	2,420	1,047
Disposal of a subsidiary	-	(48)
Interest expense recognised in profit or loss (Note 37)	509	499
Repayment of principal	(2,262)	(2,207)
Repayment of interest expense	(509)	(499)
	6,957	6,799
Analysed by:-		
Current liabilities	1,448	1,773
Non-current liabilities	5,509	5,026
	6,957	6,799

29. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum hire purchase payments:				
- not later than 1 year	662	581	110	439
- later than one year and not later than 5 years	2,086	531	-	110
- later than 5 years	22	49	-	-
	2,770	1,161	110	549
Less: Future finance charges	(400)	(126)	(7)	(33)
Present value of hire purchase payables	2,370	1,035	103	516
Analysed by:-				
Current liabilities (Note 33)	567	536	103	413
Non-current liabilities (Note 27)	1,803	499	-	103
	2,370	1,035	103	516

- (a) The hire purchase payables of the Group are secured by certain property, plant and equipment under hire purchase arrangement as disclosed in Note 7(b) to the financial statements. The hire purchase arrangements will be expiring in 1 to 6 (2021 - 1 to 7) years.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.26% to 6.36% (2021 - 2.56% to 6.03%) per annum. The interest rate are fixed at the inception of the hire purchase arrangements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

30. TERM LOANS

	The Group	
	2022 RM'000	2021 RM'000
Current (Note 33):		
- not later than one year	19,234	21,593
Non-current (Note 27):		
- later than one year but not later than two years	20,297	33,253
- later than two years but not later than five years	17,822	21,546
- later than five years	15,278	14,097
	53,397	68,896
	72,631	90,489

Details of the repayment terms are as follows:-

Term Loan	Number of Monthly Instalment	Monthly Instalments RM	Date of Commencement of Repayment	The Group Amount Outstanding	
				2022 RM'000	2021 RM'000
1	240	8,205	February 2011	705	773
2	240	3,809	March 2012	334	366
3	24	284,722	May 2018	-	2,180
4	144	#	June 2017	15,084	21,084
5	*	*	October 2018	10,054	14,573
6	**	**	March 2020	19,600	22,400
7	143	41,808	March 2021	3,792	4,120
8	143	247,045	July 2021	23,062	24,993
				72,631	90,489

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

30. TERM LOANS (CONT'D)

Notes:-

The repayment of the term loan will be commencing on the 25th month from the date of first drawdown. The monthly repayment schedule is as follows:-

	RM'000
(i) 1 st - 24 th month	-
(ii) 25 th - 48 th month	250
(iii) 49 th - 60 th month	400
(iv) 61 st - 108 th month	500
(v) 109 th - 143 rd month	700
(vi) 144 th	12,700

* The term loan is repayable on quarterly basis with 22 quarter instalments of RM1,339,000 per quarter.

** The term loan is repayable on quarterly basis with 20 equal instalments of RM1,400,000 per quarter and repayable as follows, whichever is earlier:-

- (a) upon expiry of twenty-four (24) months period from the date of the first disbursement of the term loan; or
- (b) upon full disbursement of the term loan.

Term loans 1 to 8 are secured by a corporate guarantee of the Company. In addition, the respective term loans are secured as follows:-

Term Loans 1 and 2 are secured by legal charges over certain freehold land and buildings of the Group as disclosed in Note 7(a) to the financial statements.

Term Loan 3 is secured by a first party legal charge over the right-of-use assets (leasehold land) of the Group as disclosed in Note 10 (a) to the financial statements.

Term Loan 4 is secured by:-

- (a) a third party legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 10 (b) to the financial statements;
- (b) a third party legal charge over certain freehold land and building of a subsidiary;
- (c) a fixed and floating charge over all present and future asset of a certain project of a subsidiary;
- (d) a legal charge and an assignment over the Project Account of the property development project of a subsidiary; and
- (e) a legal charge and an assignment over the residual value in the Housing Development Account upon completion of a certain project of a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

30. TERM LOANS (CONT'D)

Term Loan 5 is secured by:-

- (a) a Facility Agreement stamped to the amount of facilities advance; and
- (b) a third party charge ranking pari passu with all existing charges over the property held under a subsidiary.

Term Loan 6 is secured by:-

- (a) a first party legal charge over the freehold land of the Group as disclosed in Note 7(a) to the financial statements.
- (b) a charge over the Finance Service Reserve Account maintained by a subsidiary as disclosed in Note 21 (iii) to the financial statements.

Term Loans 7 and 8 are secured by legal charges over the solar plant of the Group as disclosed in Note 7(a) to the financial statements.

31. TRADE PAYABLES

	The Group	
	2022 RM'000	2021 RM'000
Trade payables	79,592	138,936
Accrued costs	72,599	36,689
Retention sums	29,539	13,845
	181,730	189,470
Deferred income	4,352	4,800
	186,082	194,270

The normal trade credit terms granted to the Group range from 14 to 180 (2021 - 14 to 180) days.

The retention sums are unsecured, interest-free and due to be paid within 6 to 12 (2021 - 6 to 12) months or within normal operating cycle.

Deferred income represents course fees received in advance from students and will be recognised as revenue over the period of the courses.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

32. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current:-				
Other payables	23,837	23,298	-	-
Current:-				
Other payables	46,214	43,896	67	86
Accruals	17,146	26,671	373	1,227
	63,360	70,567	440	1,313
	87,197	93,865	440	1,313

- (a) The non-current payables represent the proprietor's entitlement payable to Penmaland Sdn. Bhd., pursuant to the Joint Development Agreement dated 1 March 2019.
- (b) Included in the current other payables and accruals of the Group is an advance payment received from the Government of Malaysia amounting to RM8,700,000 (2021 - RM8,700,000). The amount owing is interest-free, repayable on demand and secured by a corporate guarantee given by a subsidiary to the Government of Malaysia. The amount owing is to be settled in cash.

33. SHORT-TERM BORROWINGS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Secured:-				
Revolving credit	70,757	70,757	-	-
Hire purchase payables (Note 29)	567	536	103	413
Term loans (Note 30)	19,234	21,593	-	-
Bills payable	22,873	51,119	-	-
Total short-term borrowings	113,431	144,005	103	413

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

33. SHORT-TERM BORROWINGS (CONT'D)

The short-term borrowings are obtained in accordance with the following terms:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Conventional:-				
Revolving credits	38,757	38,757	-	-
Hire purchase payables	567	536	103	413
Term loans	6,103	8,276	-	-
Bills payable	13,177	31,129	-	-
	58,604	78,698	103	413
Islamic:-				
Revolving credits	32,000	32,000	-	-
Term loans	13,131	13,317	-	-
Bills payable	9,696	19,990	-	-
	54,827	65,307	-	-
Total short-term borrowings	113,431	144,005	103	413

The secured revolving credit is secured by:-

- (a) a corporate guarantee of the Company;
- (b) fixed and floating charges on certain property, plant and equipment as disclosed in Note 7(a) to the financial statements; and
- (c) a pledge of certain deposits placed with licensed banks as disclosed in Note 20 to the financial statements.

34. BANK OVERDRAFTS

Included in the bank overdrafts is approximately RM19,369,000 (2021 - RM15,578,000) which is secured by:-

- (i) a Debt Service Account maintained by a subsidiary as disclosed in Note 21(ii) to the financial statements;
- (ii) a first legal charge over the freehold land which is included in the property development costs of a subsidiary as disclosed in Note 10(b) to the financial statements;
- (iii) a fixed and floating charge over all present and future assets of the property development project of a subsidiary;
- (iv) deed of assignment over the Project Account of the property development project of a subsidiary; and
- (v) a corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

35. REVENUE

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Gross dividends from subsidiaries	-	-	-	13,500
Management fees from subsidiaries	-	-	6,780	6,780
Maintenance services	559,960	740,083	-	-
Construction contracts	13,323	9,192	-	-
Property development	12,426	2,101	-	-
Engineering services	42,516	22,584	-	-
Trading and manufacturing	212,369	290,762	-	-
Education	24,238	30,925	-	-
Clean energy	8,453	7,835	-	-
Hotel and hospitality	10,658	9,364	-	-
	883,943	1,112,846	6,780	20,280

Other than the contracts for original periods of one year or less, the transaction price allocated for the remaining performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period in relation to maintenance and clean energy services amounting to approximately RM269,932,000 (2021 - RM11,346,000) are expected to be recognised as revenue within 1 to 4 (2021 - 1 to 2) years.

36. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Impairment losses:				
- trade receivables (Note 14)	12,700	8,199	-	-
- amount owing by Subsidiary (Note 17)	-	-	97	185
Reversal of impairment losses:				
- trade receivables (Note 14)	(865)	(6,824)	-	-
- other receivables (Note 16)	-	(47)	-	-
	11,835	1,328	97	185

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

37. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Audit fee:				
- for the financial year	747	715	89	88
- under/(over)provision in the previous financial year	23	(21)	1	(1)
Non-audit fee:				
- for the financial year	5	5	5	5
Depreciation:				
- property, plant and equipment	13,807	12,821	234	201
- investment properties	1,823	1,823	-	-
- right-of-use assets	2,375	2,290	-	-
Property, plant and equipment written off	48	9	-	-
Direct operating expenses on investment properties	1,867	1,474	-	-
Directors' remuneration (Note 38)	6,878	5,848	2,704	2,333
Impairment losses:				
- property, plant and equipment	2,608	-	-	-
Interest expense:				
- bank overdrafts	2,284	1,869	300	387
- bills payable	870	807	-	-
- hire purchase	51	77	26	20
- lease liabilities	509	499	-	-
- revolving credit	2,742	2,812	-	-
- term loans	3,837	4,031	-	-
- unwinding of discount on other payables	539	-	-	-
- others	36	36	-	-
Lease expenses:				
- short-term leases	1,147	1,217	36	12
- low-value leases	8	12	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

37. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before taxation is arrived at after charging/(crediting):-				
Staff costs:				
- salaries, wages, bonuses and allowances	70,293	73,778	2,952	4,412
- defined contribution plan	7,164	7,740	471	518
- other benefits	7,236	5,353	246	143
Gain on disposal of:				
- property, plant and equipment	(68)	(283)	(1)	-
Income from short-term investments	(267)	(323)	-	-
Interest income:				
- financial institutions	(1,422)	(1,911)	(27)	(24)
- subsidiaries	-	-	(1,360)	(571)
Government grant	-	(1,130)	-	(61)
Net foreign exchange (gain)/loss:				
- realised	(5)	190	-	-
Lease income:				
- property, plant and equipment	(228)	(342)	-	-
- others	-	(125)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

38. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Directors of the Group and the Company during the financial year are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
Executive Directors' remuneration:				
- Other emoluments	3,453	2,985	2,475	2,079
Non-executive Directors' remuneration:				
- Fees	240	265	204	230
- Other emoluments	30	29	25	24
	270	294	229	254
Directors of the Subsidiaries				
Executive Directors' remuneration:				
- Fees	281	103	-	-
- Other emoluments	2,874	2,466	-	-
	3,155	2,569	-	-
Total Directors' emoluments	6,878	5,848	2,704	2,333
Estimated money value of benefits-in-kind	84	87	42	42
	6,962	5,935	2,746	2,375

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

38. DIRECTORS' REMUNERATION (CONT'D)

The details of remuneration receivable by the Directors of the Company and its subsidiaries during the financial year are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Presented as follows:-				
Executive:-				
Short-term employee benefits	6,104	5,118	2,330	1,955
Defined contribution plan	504	436	145	124
Estimated money value of benefits-in-kind	84	87	42	42
	6,692	5,641	2,517	2,121
Non-Executive:-				
Short-term employee benefits	265	289	229	254
Defined contribution plan	5	5	-	-
	6,962	5,935	2,746	2,375

39. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expenses:				
- for the financial year	9,705	20,036	33	-
- overprovision in the previous financial year	(873)	(2,088)	693	-
	8,832	17,948	726	-
Deferred tax (Note 12):				
- relating to origination and reversal of temporary differences	(30)	63	-	-
- under/(over)provision in the previous financial year	70	(2,036)	-	-
	40	(1,973)	-	-
	8,872	15,975	726	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

39. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(Loss)/Profit before taxation	(15,350)	54,381	(1,395)	11,301
Tax at the statutory rate of 24% (2021 - 24%)	(3,684)	13,051	(335)	2,712
Tax effects of:-				
Non-deductible expenses	10,001	6,181	359	404
Non-taxable income	(3,934)	(1,864)	-	(3,240)
Utilisation of deferred tax assets previously not recognised	(416)	(883)	-	-
Deferred tax assets not recognised during the financial year	7,708	3,614	9	124
(Over)/underprovision in the previous financial year:				
- current tax	(873)	(2,088)	693	-
- deferred tax	70	(2,036)	-	-
Income tax expense for the financial year	8,872	15,975	726	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year. The taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

Income tax savings during the financial year arising from:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Utilisation of deferred tax assets previously not recognised arising from:				
- excess of depreciation over capital allowances	681	-	-	-
- provisions	89	16	-	-
- tax losses	965	829	-	-
	1,735	845	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

40. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit for the financial year by the weighted average number of ordinary shares in issue excluding treasury shares during the financial year.

	The Group	
	2022	2021
Net (loss)/profit for the financial year (RM'000)	(29,376)	16,697
Weighted average number of ordinary shares in issue ('000)	481,736	481,740
Basic (loss)/earnings per share (sen)	(6.10)	3.47
Diluted (loss)/earnings per share (sen)	(6.10)	3.47

The potential conversion of Warrants is anti-dilutive as its exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the potential exercise of the warrants has been ignored in the calculation of dilutive (loss)/earnings per share and hence, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

41. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and addition of right-of-use assets are as follows:-

	The Group		The Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 7)	12,844	18,964	74	855
Amount financed through hire purchase	(1,895)	(965)	-	(816)
	10,949	17,999	74	39
Right-of-use assets				
Cost of right-of-use assets (Note 9)	2,420	1,047	-	-
Less: Addition of new lease liabilities (Note 28)	(2,420)	(1,047)	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

41. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term Loans RM'000	Lease Liabilities RM'000	Hire Purchase Payables RM'000	Other Short-term Borrowings RM'000	Total RM'000
The Group					
2022					
At 1 January	90,489	6,799	1,035	121,876	220,199
<u>Changes in Financing Cash Flows</u>					
Repayment of principal	(17,858)	(2,262)	(560)	(28,246)	(48,926)
Repayment of interests	(3,837)	(509)	(51)	(3,612)	(8,009)
	(21,695)	(2,771)	(611)	(31,858)	(56,935)
<u>Non-cash Changes</u>					
Acquisition of new leases	-	2,420	-	-	2,420
Acquisition of plant and equipment through hire purchase	-	-	1,895	-	1,895
Interest expense recognised in profit and loss	3,837	509	51	3,612	8,009
	3,837	2,929	1,946	3,612	12,324
At 31 December	72,631	6,957	2,370	93,630	175,588

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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41. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Term Loans RM'000	Lease Liabilities RM'000	Hire Purchase Payables RM'000	Other Short-term Borrowings RM'000	Total RM'000
The Group					
2021					
At 1 January	107,804	8,007	794	113,814	230,419
<u>Changes in Financing Cash Flows</u>					
Net proceeds from	5,368	-	-	8,062	13,430
Repayment of principal	(21,996)	(2,207)	(724)	-	(24,927)
Repayment of interests	(4,031)	(499)	(77)	(3,619)	(8,226)
	(20,659)	(2,706)	(801)	4,443	(19,723)
<u>Non-cash Changes</u>					
Acquisition of new leases	-	1,047	-	-	1,047
Purchase of property, plant and equipment	-	-	965	-	965
Disposal of a subsidiary	(687)	(48)	-	-	(735)
Interest expense recognised in profit and loss	4,031	499	77	3,619	8,226
	3,344	1,498	1,042	3,619	9,503
At 31 December	90,489	6,799	1,035	121,876	220,199

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

41. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Amount owing to subsidiaries RM'000	2022 Hire Purchase Payables RM'000	Total RM'000
The Company			
At 1 January	3,238	516	3,754
<u>Changes in Financing Cash Flows</u>			
Repayment to	(5)	-	(5)
Repayment of principal	-	(413)	(413)
Repayment of interests	-	(26)	(26)
	(5)	(439)	(444)
<u>Other Changes</u>			
Interest expense recognised in profit and loss	-	26	26
At 31 December	3,233	103	3,336

	Amount owing to subsidiaries RM'000	2021 Hire Purchase Payables RM'000	Total RM'000
The Company			
At 1 January	3,247	-	3,247
<u>Changes in Financing Cash Flows</u>			
Repayment to	(9)	-	(9)
Repayment of principal	-	(300)	(300)
Repayment of interests	-	(20)	(20)
	(9)	(320)	(329)
<u>Other Changes</u>			
Acquisition of new leases	-	816	816
Interest expense recognised in profit and loss	-	20	20
	-	836	836
At 31 December	3,238	516	3,754

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for the Financial Year Ended 31 December 2022

41. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for a lease as a lessee are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Payment of short-term leases	1,147	1,217	-	-
Payment of low-value assets	8	12	-	-
Interest paid on lease liabilities	509	499	-	-
Payment of lease liabilities	(2,262)	(2,207)	-	-
	(598)	(479)	-	-

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term investments	28,887	32,789	-	-
Deposits with licensed banks	43,114	28,660	1,591	1,564
Cash and bank balances	135,870	137,976	1,082	965
Bank overdrafts	(39,557)	(28,392)	(4,753)	(3,773)
	168,314	171,033	(2,080)	(1,244)
Less: Deposits pledged to licensed banks	(10,812)	(4,231)	(1,591)	(1,564)
Cash and bank balances pledged to a licensed bank	(1,402)	(2,269)	-	-
Deposits with licensed banks with maturity periods more than three months	(326)	(1,213)	-	-
	155,774	163,320	(3,671)	(2,808)

42. CAPITAL COMMITMENTS

	The Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	1,048	162

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

43. RELATED PARTY DISCLOSURES

43.1 IDENTITIES OF RELATED PARTIES

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its Directors, associates, key management personnel and entities within the same group of companies.

43.2 SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<u>Subsidiaries:</u>				
- Gross dividends received/receivable	-	-	-	(13,500)
- Management fees received/receivable	-	-	(6,780)	(6,780)
- Rental expense paid/payable	-	-	15	10
<u>Associates:</u>				
- Management fees received/receivable	(342)	(342)	-	-
- Rental income received/receivable	(112)	(128)	-	-
- Sales made to	(354)	-	-	-
- Service rendered to	(444)	(2,119)	-	-
- Service rendered by	2,440	1,880	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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43. RELATED PARTY DISCLOSURES (CONT'D)

43.3 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company includes Executive Directors and Non-Executive Directors of the Group and of the Company.

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	6,428	5,494	2,576	2,251
Defined contribution plan	509	441	145	124
	6,937	5,935	2,721	2,375

44. OPERATING SEGMENTS

BUSINESS SEGMENTS

The Group is organised into eight major business segments:-

Business Segment	Principal activities
Maintenance	The maintenance of federal and state roads.
Construction	The construction of buildings and other infrastructures.
Property development	The development of commercial and residential properties.
Engineering services	The provision of full spectrum of civil engineering work and related services.
Trading and manufacturing	Trading and manufacturing of construction materials.
Education	The provision of tertiary education.
Clean energy	Solar panel installation contract works and supply of power and electricity derived from solar power plant.
Hotel and hospitality	Management operation of hotels.

Other business segment mainly represents investment holding and management services activities.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

44. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

The key management personnel assess the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4 to the financial statements.

(a) Segment Revenue and Results

Segment results represent profit before taxation of the segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned. The effects of such inter-segment transactions are eliminated on consolidation.

(b) Segment Assets

Segment assets are measured based on all assets (including goodwill) of the segment, excluding current tax assets and deferred tax assets.

(c) Segment Liabilities

Segment liabilities are measured based on all liabilities, excluding current tax liabilities and deferred tax liabilities.

Income taxes are managed on a group basis and are not allocated to operating segments.

Assets and liabilities which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly tax-related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

44. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2022	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Clean Energy RM'000	Hotel and Hospitality RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Assets											
Segment assets	225,832	170,460	181,681	231,166	101,722	51,464	35,019	7,466	268,867	(458,645)	815,032
Unallocated corporate assets											21,231
Consolidated total assets											<u>836,263</u>
Liabilities											
Segment liabilities	115,198	86,319	180,014	246,096	76,398	42,321	38,455	2,323	10,429	(294,984)	502,569
Unallocated corporate liabilities											5,840
Consolidated total liabilities											<u>508,409</u>
Other Information											
Depreciation and amortisation	7,634	516	2,217	2,253	412	2,137	1,694	1,071	234	(163)	18,005
Impairment losses on:											
- trade and other receivables	299	241	-	7,100	-	403	145	-	-	4,512	12,700
Interest expenses	241	1,482	2,916	1,750	1,010	523	1,477	1,143	326	-	10,868
Gain on disposal of property, plant and equipment	(23)	(74)	7	28	20	(25)	-	-	(1)	-	(68)
Interest and investment income	(1,031)	(428)	(55)	(96)	(1)	(44)	(7)	-	(27)	-	(1,689)
Reversal of impairment losses on:											
- trade and other receivables	-	-	(118)	(576)	(171)	-	-	-	-	-	(865)
Capital expenditure	5,414	246	796	3,080	7	2,830	397	-	74	-	<u>12,844</u>

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

44. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2021	Maintenance RM'000	Construction RM'000	Property Development RM'000	Engineering Services RM'000	Trading and Manufacturing RM'000	Education RM'000	Clean Energy RM'000	Hotel and Hospitality RM'000	Others RM'000	Eliminations RM'000	Consolidation RM'000
Assets											
Segment assets	277,991	165,426	187,874	182,216	109,976	58,587	39,539	5,793	270,845	(409,509)	888,738
Unallocated corporate assets											16,566
Consolidated total assets											905,304
Liabilities											
Segment liabilities	159,838	92,828	176,936	174,188	84,643	37,543	41,881	2,951	10,140	(242,832)	538,116
Unallocated corporate liabilities											6,453
Consolidated total liabilities											544,569
Other Information											
Depreciation and amortisation	6,880	529	2,245	2,296	505	2,285	1,340	819	201	(166)	16,934
Impairment losses on:											
- trade and other receivables	15	-	-	9,541	1,401	1,754	-	-	-	(4,512)	8,199
Interest expenses	1,691	185	1,877	2,786	960	779	1,446	-	407	-	10,131
Gain on disposal of property, plant and equipment	(255)	(11)	-	(2)	(10)	-	-	-	-	-	(278)
Interest and investment income	(1,211)	(214)	(639)	(75)	(1)	(44)	(26)	-	(24)	-	(2,234)
Reversal of impairment losses on:											
- trade and other receivables	-	(4,813)	-	(761)	(1,297)	-	-	-	-	-	(6,871)
Capital expenditure	9,736	6,456	101	580	357	713	167	-	854	-	18,964

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

44. OPERATING SEGMENTS (CONT'D)

MAJOR CUSTOMER

The following are major customers with revenue equal to or more than 10% of Group revenue:-

Customer Name	Revenue		Segment
	2022 RM'000	2021 RM'000	
Customer A	527,687	692,563	Maintenance

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily, Libyan Dinar, Euro, South African Rand, Sri Lanka Rupee and United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
2022							
Financial Assets							
Long-term investments	-	-	-	-	-	145	145
Trade receivables	-	-	-	-	-	170,814	170,814
Other receivables	-	-	3	-	258	4,494	4,755
Amount owing by associates	-	-	-	-	-	348	348
Short-term investments	-	-	-	-	-	28,887	28,887
Deposits with licensed banks	-	-	-	299	-	42,815	43,114
Cash and bank balances	992	4	169	694	1	134,010	135,870
	992	4	172	993	259	381,513	383,933

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial Liabilities							
Trade payables	9	-	-	-	-	181,721	181,730
Other payables and accruals	90	18	4	-	-	87,085	87,197
Amount owing to associates	-	-	-	-	-	4,114	4,114
Lease liabilities	-	-	-	-	-	6,957	6,957
Borrowings	-	-	-	-	-	168,631	168,631
Bank overdrafts	-	-	-	-	-	39,557	39,557
	99	18	4	-	-	488,065	488,186
Net financial assets/ (liabilities)	893	(14)	168	993	259	(106,552)	(104,253)
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(893)	14	(168)	(993)	(259)	106,552	104,253
Currency exposure	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group 2021	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial Assets							
Long-term investments	-	-	-	-	-	145	145
Trade receivables	-	-	-	-	-	247,617	247,617
Other receivables	-	-	-	-	180	3,444	3,624
Amount owing by associates	-	-	-	-	-	1,646	1,646
Short-term investments	-	-	-	-	-	32,789	32,789
Deposits with licensed banks	-	-	-	299	-	28,361	28,660
Cash and bank balances	1,102	6	178	597	1	136,092	137,976
	1,102	6	178	896	181	450,094	452,457

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

- (i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group 2021	Libyan Dinar RM'000	Euro RM'000	South African Rand RM'000	Sri Lanka Rupee RM'000	United States Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
Financial Liabilities							
Trade payables	53	-	-	-	-	189,417	189,470
Other payables and accruals	98	-	4	-	-	93,763	93,865
Amount owing to associates	-	-	-	-	-	1,390	1,390
Lease liabilities	-	-	-	-	-	6,799	6,799
Borrowings	-	-	-	-	-	213,400	213,400
Bank overdrafts	-	-	-	-	-	28,392	28,392
	151	-	4	-	-	533,161	533,316
Net financial assets/ (liabilities)	951	6	174	896	181	(83,067)	(80,859)
Less: Net financial (assets)/ liabilities denominated in the respective entities functional currencies	(951)	(6)	(174)	(896)	(181)	83,067	80,859
Currency exposure	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have material impact on the profit or loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Exposure to Interest Rate Risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on the carrying amounts as at the end of the reporting period are as follows:-

	The Group	
	2022	2021
	RM'000	RM'000
Fixed Rate Instruments		
Deposits with licensed banks	43,114	28,660
Lease liabilities	(6,957)	(6,799)
Hire purchase payables	(2,370)	(1,035)
Bills payable	(22,873)	(51,119)
Revolving credit	(70,757)	(70,757)
	(59,843)	(101,050)
Floating Rate Instruments		
Term loans	(72,631)	(90,489)
Bank overdrafts	(39,557)	(28,392)
	(112,188)	(118,881)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Exposure to Interest Rate Risk (Cont'd)

	The Company	
	2022 RM'000	2021 RM'000
Fixed Rate Instrument		
Deposits with licensed bank	1,591	1,564
Hire purchase payables	(103)	(516)
	1,488	1,048
Floating Rate Instrument		
Bank overdrafts	(4,753)	(3,773)

Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate instruments is not disclosed as these financial instruments are measured at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2022 Increase/ (Decrease) RM'000	2021 Increase/ (Decrease) RM'000
Effects on (Loss)/Profit After Taxation/Other Comprehensive (Expense)/Income		
Increase of 100 basis points (bp)	(853)	(903)
Decrease of 100 bp	853	903

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

Interest Rate Risk Sensitivity Analysis (Cont'd)

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant (Cont'd):-

	The Company	
	2022	2021
	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000
Effects on (Loss)/Profit After Taxation/Other Comprehensive (Expense)/Income		
Increase of 100 bp	(36)	(29)
Decrease of 100 bp	36	29

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risks relates to the amount owing by the Government of Malaysia which constituted a significant amount of its total trade receivables at the end of the reporting date.

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

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

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

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 90 days past due. The Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 (2021 - 12) months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts.

For construction services, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will be reverted to the Group in the event of default. Therefore, there is minimal exposure to credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance for Impairment Losses*

The information about the exposure to credit risk and the loss allowances calculated for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2022				
Not past due	41,857	-	(4,223)	37,634
Past due:				
- less than 6 months	74,223	-	(1,083)	73,140
- 6 to 12 months	62,638	(181)	(5,180)	57,277
- 1 to 2 years	3,796	(78)	(1,475)	2,243
- more than 2 years	5,986	(789)	(4,677)	520
	188,500	(1,048)	(16,638)	170,814
Credit impaired:				
- individually impaired	40,526	(40,526)	-	-
Trade receivables	229,026	(41,574)	(16,638)	170,814
Contract assets	8,294	-	-	8,294
	237,320	(41,574)	(16,638)	179,108

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
2021				
Not past due	40,982	-	(3,826)	37,156
Past due:				
- less than 6 months	174,565	-	(1,364)	173,201
- 6 to 12 months	17,770	(46)	(751)	16,973
- 1 to 2 years	16,601	(78)	(4,056)	12,467
- more than 2 years	10,154	(872)	(1,462)	7,820
	260,072	(996)	(11,459)	247,617
Credit impaired:				
- individually impaired	34,715	(34,715)	-	-
Trade receivables	294,787	(35,711)	(11,459)	247,617
Contract assets	5,813	-	-	5,813
	300,600	(35,711)	(11,459)	253,430

The movements in the loss allowances in respect of trade receivables are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

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

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

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

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

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)*Allowance for Impairment Losses*

The information about the exposure to credit risk and the loss allowances calculated for other receivables are summarised as below:-

The Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2022			
Low credit risk	4,755	-	4,755
Credit impaired	90,289	(90,289)	-
	95,044	(90,289)	4,755
2021			
Low credit risk	3,624	-	3,624
Credit impaired	89,535	(89,535)	-
	93,159	(89,535)	3,624
The Company			
2022			
Low credit risk	39	-	39
Credit impaired	84,644	(84,644)	-
	84,683	(84,644)	39
2021			
Low credit risk	6	-	6
Credit impaired	84,644	(84,644)	-
	84,650	(84,644)	6

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

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

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

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

Allowance for Impairment Losses

The information about the exposure to credit risk and the loss allowances calculated for amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
2022			
Low credit risk	94,394	-	94,394
Credit impaired	1,260	(1,260)	-
	95,654	(1,260)	94,394
2021			
Low credit risk	96,103	-	96,103
Credit impaired	1,163	(1,163)	-
	97,266	(1,163)	96,103

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

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

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	181,730	181,730	181,730	-	-
Other payables and accruals	-	87,197	87,197	87,197	-	-
Amount owing to associates	-	4,114	4,114	4,114	-	-
Lease liabilities	2.56 to 5.96	6,957	9,800	1,901	3,038	4,861
Hire purchase payables	4.26 to 6.36	2,370	2,770	662	2,086	22
Term loans	4.50 to 5.00	72,631	84,930	37,683	30,049	17,198
Bills payable	3.15 to 6.35	22,873	22,873	22,873	-	-
Revolving credit	4.53 to 5.87	70,757	70,757	70,757	-	-
Bank overdrafts	7.12 to 8.01	39,557	39,557	39,557	-	-
		488,186	503,728	446,474	35,173	22,081

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	189,470	189,470	189,470	-	-
Other payables and accruals	-	93,865	93,865	93,865	-	-
Amount owing to associates	-	1,390	1,390	1,390	-	-
Lease liabilities	4.30 to 5.96	6,799	8,036	2,212	5,824	-
Hire purchase payables	2.56 to 6.03	1,035	1,161	581	531	49
Term loans	3.77 to 4.97	90,489	94,996	24,022	70,340	634
Bills payable	2.01 to 4.05	51,119	51,119	51,119	-	-
Revolving credit	2.97 to 4.96	70,757	70,757	70,757	-	-
Bank overdrafts	6.45 to 6.57	28,392	28,392	28,392	-	-
		533,316	539,186	461,808	76,695	683

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	On demand Or Within 1 Year RM'000	1 - 5 Years RM'000
2022					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	440	440	440	-
Amount owing to subsidiaries	-	3,233	3,233	3,233	-
Hire purchase payables	6.03	103	110	110	-
Bank overdrafts	7.45	4,753	4,753	4,753	-
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	307,797	307,797	-
		8,529	316,333	316,333	-
2021					
<u>Non-derivative Financial Liabilities</u>					
Other payables and accruals	-	1,313	1,313	1,313	-
Amount owing to subsidiaries	-	3,238	3,238	3,238	-
Hire purchase payables	6.03	516	549	439	110
Bank overdrafts	6.50	3,773	3,773	3,773	-
Financial guarantee contracts in relation to corporate guarantees given to certain subsidiaries #	-	-	334,052	334,052	-
		8,840	342,925	342,815	110

- The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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45. FINANCIAL INSTRUMENTS (CONT'D)

45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt (total interest-bearing borrowings less cash and cash equivalents) divided by total equity.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Hire purchase payables	2,370	1,035
Term loans	72,631	90,489
Bills payable	22,873	51,119
Revolving credit	70,757	70,757
Bank overdrafts	39,557	28,392
	208,188	241,792
Less: Short-term investments	(28,887)	(32,789)
Deposits with licensed banks	(43,114)	(28,660)
Cash and bank balances	(135,870)	(137,976)
Net debt	317	42,367
Total equity	327,854	360,375
Debt-to-equity ratio	0.001	0.118

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>				
Long-term investments	145	145	-	-
<u>Amortised Cost</u>				
Trade receivables	170,814	247,617	-	-
Other receivables	4,755	3,624	39	6
Amount owing by subsidiaries	-	-	94,394	96,103
Amount owing by associates	348	1,646	-	-
Deposits with licensed banks	43,114	28,660	1,591	1,564
Cash and bank balances	135,870	137,976	1,082	965
	354,901	419,523	97,106	98,638
<u>Fair Value Through Profit or Loss</u>				
Short-term investments	28,887	32,789	-	-
Financial Liabilities				
<u>Amortised Cost</u>				
Trade payables	181,730	189,470	-	-
Other payables and accruals	87,197	93,865	440	1,313
Amount owing to subsidiaries	-	-	3,233	3,236
Amount owing to associates	4,114	1,390	-	-
Lease liabilities	6,957	6,799	-	-
Hire purchase payables	2,370	1,035	103	516
Term loans	72,631	90,489	-	-
Bills payable	22,873	51,119	-	-
Revolving credit	70,757	70,757	-	-
Bank overdrafts	39,557	28,392	4,753	3,773
	488,186	533,316	8,529	8,838

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

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45. FINANCIAL INSTRUMENTS (CONT'D)

45.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
<u>Amortised Cost</u>				
Net (losses)/gains recognised in profit or loss	(10,413)	583	1,387	595
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	267	323	-	-
Financial Liability				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(10,868)	(10,131)	(326)	(407)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION

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

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
The Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022								
<i>Financial assets</i>								
Long-term investments	-	-	145	-	-	-	145	145
Short-term investments	-	28,887	-	-	-	-	28,887	28,887
<i>Financial liabilities</i>								
Term loans	-	-	-	-	72,631	-	72,631	72,631
2021								
<i>Financial assets</i>								
Long-term investments	-	-	145	-	-	-	145	145
Short-term investments	-	32,789	-	-	-	-	32,789	32,789
<i>Financial liabilities</i>								
Term loans	-	-	-	-	90,489	-	90,489	90,489

NOTES TO THE FINANCIAL STATEMENTS

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45. FINANCIAL INSTRUMENTS (CONT'D)

45.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
- (aa) The fair value of golf club memberships is determined based on enquiry made to the respective golf clubs; and
- (bb) The fair value of short-term investment is determined by reference to statements provided by the respective financial institution, with which the investments were entered into.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair value of term loans, which are for disclosure purpose, are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	2022	2021
	%	%
Term loans	4.50 to 5.00	3.77 to 4.97

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

46. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Previously Reported RM'000	As Restated RM'000	As Previously Reported RM'000	As Restated RM'000
Statements of Financial Position (Extract):-				
<u>Non-current assets</u>				
Property, plant and equipment	242,405	244,833	71	717
Right-of-use asset	11,575	9,147	646	-
<u>Non-current liabilities</u>				
Lease liabilities	5,525	5,026	103	-
Long-term borrowings	68,896	69,395	-	103
<u>Current liabilities</u>				
Lease liabilities	2,309	1,773	413	-
Short-term borrowings	143,469	144,005	-	413
Statements of Cash Flows (Extract):-				
<u>Cash flow for operating activities</u>				
Depreciation of:				
- property, plant and equipment	11,896	12,821	31	201
- right-of-use assets	3,215	2,290	170	-
<u>Cash flow for investing activities</u>				
Net decrease/(increase) of:				
- deposits pledged to licensed banks	95	-	(24)	-
- cash at bank pledged to licensed banks	(867)	-	-	-
<u>Cash flow for financing activities</u>				
Net decrease/(increase) of:				
- deposits pledged to licensed banks	-	95	-	(24)
- cash at bank pledged to licensed banks	-	(867)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

47. MATERIAL LITIGATIONS

The following are the material litigations involving the Group and the Company during the financial year:-

- (a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant:-

On 28 December 2012, the Company entered into a conditional Sale and Purchase Agreement ("Conditional SPA") with PT ASU to acquire 95,000,000 ordinary shares of IDR1,000 each in PT Anglo Slavic Indonesia ("PT ASI"), representing 76% equity interest in PT ASI for a proposed purchase consideration of USD55,000,000.

PT ASI holds 95% equity interest in PT Firman Andalan Sakti ("PT FAS") which in turn holds 70% equity interest in PT Hase Bumou Aceh ("PT Haseba") ("PT ASI Group"). PT ASU as vendor represented in the Conditional SPA that PT Haseba had a 10-year production management partnership agreement ("PMP Agreement") with PT Pertamina (PERSERO) ("Pertamina") to develop and to produce oil and gas in the Kuala Simpang Timur Field from 14 December 2004.

On 29 January 2014, the Company entered into an Amended and Restated Sale and Purchase Agreement ("Restated SPA") with PT ASU to amend vary and restate, in its entirety, the Conditional SPA. With the execution of the Restated SPA, the Company agreed to acquire 78,750,000 ordinary shares of IDR1,000 each in PT ASI representing 63% equity interest in PT ASI from PT ASU for a total purchase consideration of USD22,000,000 (RM68,393,170) ("Purchase Consideration"). Parties thereto agreed that the Purchase Consideration was to be settled by way of setting off the deposit of USD16,340,563 (equivalent to RM50,000,000 based on the agreed exchange rate of USD1:RM3.05987 as at 28 December 2012) initially paid by the Company to PT ASU pursuant to the Conditional SPA and the balance thereof in cash.

The Restated SPA was subject to, among others, the following conditions subsequent to the completion of the Restated SPA which were to be fulfilled within six months from the date of the Restated SPA ("Conditional Period"):-

- (i) Consent of Pertamina for the sale and purchase of the shares pursuant to the Restated SPA;
- (ii) Extension of the PMP Agreement for a further 10-year period; and
- (iii) Issuance of Surat Keterangan Terdaftar Minyak & Gas license by the Ministry of Energy and Mineral Resources' General of Oil and Gas Indonesia to PT Haseba.

Upon execution of the Restated SPA, the Company paid the balance Purchase Consideration amounting to USD5,659,437 (RM18,393,170) to PT ASU. In February 2014, pursuant on the terms of the Restated SPA, the Company made a further advance of USD5,000,000 (RM16,250,000) to PT ASI for working capital purposes ("Advance"). The total amounts paid to PT ASU and PT ASI collectively amounted to USD27,000,000 being the Purchase Consideration and the Advance.

On 5 August 2014, the Company announced that the conditions subsequent pursuant to the completion of Restated SPA had not been fulfilled by PT ASU within the Conditional Period and accordingly, the Restated SPA lapsed on 28 July 2014. The Company terminated the Restated SPA on 4 August 2014 and 14 August 2014.

On 22 September 2014, the Company filed a legal suit against PT ASU and the two former Directors, namely the 2nd and the 3rd defendant for, among others, the refund of the Purchase Consideration and Advance.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 31 December 2022

47. MATERIAL LITIGATIONS (CONT'D)

- (a) High Court of Malaya at Kuala Lumpur ("KL High Court") Suit No: 22NCC-362-09/2014 between Protasco Berhad ("Company") as plaintiff against PT Anglo Slavic Utama ("PT ASU") as the 1st defendant, Tey Por Yee as the 2nd defendant and Ooi Kok Aun as the 3rd defendant (Cont'd):-

The total amount claimed against PT ASU and the two former Directors ("2nd and 3rd Defendants") are as follows:-

Against PT ASU

- (i) A payment of USD22,000,000;
- (ii) Pre-judgement interest on USD22,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- (iii) Post-judgement interest on USD22,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum; and
- (iv) Damages for the breach of the Restated SPA.

Against the 2nd and 3rd Defendants

- (i) A payment of USD27,000,000 (including the Advance);
- (ii) Pre-judgement interest on USD27,000,000 pursuant to Section 11 of the Civil Law Act 1956 from the date of the suit until the date of judgement at an interest rate of 5% per annum;
- (iii) Post-judgement interest on USD27,000,000 pursuant to Order 42 Rule 12 of the Rules of Court 2012 from the date of judgement until full and final settlement thereof at an interest rate of 5% per annum;
- (iv) Damages for fraud and conspiracy; and
- (v) General damages, aggravated and exemplary.

The status of this suit is as follows:-

The Full Trial for the Kuala Lumpur High Court Suit No.: 22NCC-362-09/2014 commenced from 15 October 2021 and continued on various dates. The Full Trial is scheduled to continue on 25 and 26 April 2023 and on 12 May 2023.

Notwithstanding the above litigation, the purchase consideration paid and advance made amounting to RM68,393,170 and RM16,250,000 respectively have been fully impaired in the financial year ended 31 December 2014.

- (b) High Court of Malaya at Shah Alam ("SA High Court") Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd ("PTSB") as plaintiff against PT Goldchild Integritas Abadi ("Goldchild") and Ooi Kock Aun ("OKA") as defendants:-

PTSB, a wholly owned subsidiary of the Company, had entered into an agreement dated 4 February 2013 ("Agreement") to undertake coal trades with Goldchild.

Pursuant to the terms of the Agreement and to facilitate coal purchases, a deposit ("Deposit") of USD5,161,290 (approximately RM16,000,000) was paid by PTSB to Goldchild on 4 February 2013. The Deposit is to be deducted in stages against future coal trades.

47. MATERIAL LITIGATIONS (CONT'D)

- (b) High Court of Malaya at Shah Alam ("SA High Court") Suit No. 22NCVC-561-11/2014 between Protasco Trading Sdn Bhd ("PTSB") as plaintiff against PT Goldchild Integritas Abadi ("Goldchild") and Ooi Kock Aun ("OKA") as defendants (Cont'd):-

On 19 July 2013, PTSB entered into a Coal Stockpile Joint Venture Agreement with Goldchild to provide a sum of not exceeding USD900,000 (approximately RM2,904,000) for the purpose of the joint venture to purchase coal in Indonesia and resell the coal to potential buyers, subject to such terms and conditions as stipulated in the Coal Stockpile Joint Venture Agreement.

On 21 November 2014, PTSB filed a legal suit against Goldchild and one of the former Directors of the Company, OKA, when the Company uncovered that OKA has an undisclosed interest in Goldchild.

OKA filed an application to strike out the legal suit against him and the application was dismissed on 19 October 2015. Thereafter, OKA filed an appeal against the SA High Court decision to the Court of Appeal. OKA's appeal has been struck off with liberty to file afresh and with no order as to costs by the Court of Appeal on 17 May 2018.

Goldchild's application to stay this legal proceeding pending arbitration was allowed by the SA High Court on 19 October 2015. Thereafter, PTSB filed an appeal against the SA High Court decision to the Court of Appeal. This appeal was withdrawn by PTSB on 24 August 2016.

Since the legal suit against Goldchild has been stayed pending arbitration, OKA filed an application for stay pending arbitration between PTSB and Goldchild which was allowed on 13 January 2016. PTSB then filed an appeal against the SA High Court decision to the Court of Appeal. This application was dismissed by the Court of Appeal on 24 August 2016. PTSB had on 23 September 2016 filed an application for leave via notice of motion seeking leave to appeal to the Federal Court of Malaysia at Wilayah Persekutuan Putrajaya ("Federal Court"). The Motion has been dismissed by the Federal Court on 11 January 2018.

Pursuant to the decision of the Federal Court, the action against PT Goldchild and OKA in the SA High Court is now stayed pending the arbitration proceedings between PT Goldchild and PTSB in Jakarta, Indonesia in accordance with the rules of Badan Arbitrase Nasional Indonesia ("BANI").

Notwithstanding the above litigation, the coal trade deposits made to Goldchild amounted to RM18,904,000 had been fully impaired in the financial year ended 31 December 2014.

- (c) High Court of Malaya at Penang ("Penang High Court") Suit No: PA-22NCVC-155-09/2021 between Tenaga Nasional Berhad ("TNB") as Plaintiff against Kumpulan Ikram Sdn Bhd ("KISB") as the Defendant:-

TNB had, vide an agreement dated 13 July 2015 ("TNB Agreement"), appointed KISB to carry out construction works known as "The Construction and Commission of Retention Pond at Gelugor Power Station" ("Project") whereby the scope of works includes amongst others designing flow system improvements, drainage system expansion and replacing U-drain size from 600mm to 750mm in Loji Kuala Gelugor ("Works").

KISB had in turn, vide a Letter of Award dated 26 May 2015 ("LOA"), appointed Qemudi Nekad Resources as sub-contractor ("Sub-Contractor"):-

- (i) to identify the utilities within the Project site and further prepared a utility mapping to be approved by TNB; and
- (ii) to carry out the entire Works.

TNB alleged that upon KISB carried out the drain breaking for the existing U-drain, the workers of KISB had carried out the picking up of the surplus and remnants debris of the broken U-drain left in the drain by using a backhoe ("Picking up the U-drain surplus and remnants works").

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47. MATERIAL LITIGATIONS (CONT'D)

- (c) High Court of Malaya at Penang ("Penang High Court") Suit No: PA-22NCVC-155-09/2021 between Tenaga Nasional Berhad ("TNB") as Plaintiff against Kumpulan Ikram Sdn Bhd ("KISB") as the Defendant (Cont'd):-

TNB further alleged that due to the picking up the U-drain surplus and remnants works by KISB, the same had caused the TNB's cable 2 ("TNB's Cable") destroyed. It was alleged that the bucket of the backhoe had caused damage on TNB's Cable. Subsequent to that, TNB lodged a police report on the said damage. TNB then terminated KISB's permit to work certificate and issued a stop-work order on KISB on the reason that the damage caused by KISB is a breach under Section 37(11) (b) and/or 37(12) (a) of the Electricity Supply Act 1990 ("Act").

TNB had managed to recover RM150,000 only from the Construction All Risks Insurance taken by KISB for this Project from TNB's panel insurance company, QBE Insurance (Malaysia) Berhad. The policy limit is RM150,000 only. The said insurance does not have "principal existing property" cover which will protect the insured against loss or damage to property located on or surrounding the site belonging to or held in care, custody or control by the insured.

In view thereof, TNB filed a suit against KISB pursuant to Section 41(1) of the Act under the strict liability tort on the reason that KISB's workers have neglected during the carrying out of the picking up the U-drain surplus and remnants works and caused damage on the TNB's cable. The damage on the TNB's Cable had caused the followings:-

- (i) a power outage to TNB's customers hence, TNB suffered loss of income during the period of the power outage; and
- (ii) rectification cost incurred to rectify the damage and replace the new cable.

TNB further alleged that TNB had issued a Notice of Claim for damages by way of letter dated 23 March 2016 and also a Letter of Demand dated 11 January 2018 to KISB to inform on the damage and to claim on the rectification cost amounting to RM6,799,962.

TNB's claims are as follows:-

1. General damages to be assessed;
2. Special damages amounting to RM6,799,962;
3. General damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
4. Economic damages to be assessed together with interest of 5% per annum calculated from the date of the filing of the writ until full settlement;
5. Interest of 5% per annum on the sum of RM6,799,962 calculated from the date of the filing of the writ until full settlement;
6. Aggravated and exemplary damages;
7. Cost; and
8. Any other relief court deems fit.

The status of this suit is as follows:-

KISB had filed its Defence on 2 October 2020. TNB had filed its Reply on 9 November 2020.

The Penang High Court had fixed the full trial on 18, 19 and 20 July 2023. The full trial has been rescheduled to 28, 29 and 30 August 2023.

Notwithstanding the above litigation, the provision for the claim amount has been fully provided for in the financial year ended 31 December 2020.

APPENDIX A FOR THE FINANCIAL YEAR

Ended 31 December 2022

DIRECTORS OF SUBSIDIARY COMPANIES OF THE GROUP

The following is the list of Directors who served on the boards of the subsidiary companies of the Group since the beginning of the current financial year to the date of the Directors' Report:-

Adlin Binti Masood
 Ahmad Farid Bin Ghazali
 Asri Bin Ramli
 Azman Bin Ali @ Raji'j (Appointed on 30 January 2023)
 Cheong Kah Wang (Appointed on 9 February 2022)
 Chong Ther Shern
 Chong Ther Vern
 Chong Ther Zern (Appointed on 12 January 2023)
 Dato Ir. Ts. Wan Nazri Bin Haji Wan Aria
 Dato' Akram Ali Al Agil
 Dato' Jamal Bin Nasir
 Dato' Mohd Ibrahim Bin Mohd Nor
 Dato' Ronnie Yap Kee Tian
 Dato' Sri Salleh Bin Mat Rasid
 Dato' Sri Muzaffar Syah Bin Abd Rahman
 Dato' Wan Imran Bin Wan Omar
 Dato' Wan Mohamed Yaacob Bin Wan Salaisin
 Edward Khoo Mong Wei
 Engku Farhan Bin Engku Azahan (Appointed on 30 January 2023)
 Haji Muhyidin bin Abdul Rashid
 Hiew Vun Heng
 Hishamuddin Bin Hussein (Appointed on 1 March 2022)
 Hong Jok Hon
 Hong Sun Ho
 Idham Bin Mustafa
 Johari Bin Zainal
 Kamaljeet Kaur
 Kenneth Lim Wei Sen (Appointed on 19 January 2022)
 Lee Geok Chai (Resigned on 13 January 2023)
 Mac Chung Jin
 Marina Binti Jaal
 Mat Zin Bin Hussain
 Mohamad Hafiz Bin Belal Din (Appointed on 30 January 2023)
 Mohamad Nasriff bin Daud @ Daud Yatimee
 Mohd Akhir Bin Abdullah
 Mohd Fairuz Bin Mohd Isa (Appointed on 1 July 2022)
 Mohd Kamsatul Aidi Bin Mohd Noor (Appointed on 30 January 2023)
 Mohd Shahrul Bin Sidin (Appointed on 10 November 2022)
 Mohd Taufik Bin Haron
 Mohd Yazip Bin Matori
 Mokhtar Bin A. Rashid (Resigned on 19 January 2022)
 Nafisah Binti Abdul Aziz
 Nik Nur Aini Nik Abdullah
 Nora Binti Amir
 Nordin Bin Kasiran
 Pon Tiam Wee
 Prof. Dr. Zulkifli Bin Abdul Hamid (Deceased on 1 March 2022)

APPENDIX A FOR THE FINANCIAL YEAR

Ended 31 December 2022

DIRECTORS OF SUBSIDIARY COMPANIES OF THE GROUP (CONT'D)

The following is the list of Directors who served on the boards of the subsidiary companies of the Group since the beginning of the current financial year to the date of the Directors' Report (Cont'd):-

Rameli Bin Ismail
Tan Chong Seng
Tan Heng Kui
Taufik Bin Abd Rahim (Resigned on 31 January 2023)
Ting Choon Fook
Vong Kee Sin (Appointed on 1 July 2022)
Wong Chun Wei
Wong Meng Jinn
Wong Wirry @ Wong Wee Chong
Zainal Abidin Bin Aku Bakar
Zulkifli Bin Ibrahim

LIST OF PROPERTIES

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2022 RM'000	Date of Revaluation* / Acquisition#
1	Lot No. 52500,52501, 52502, 52503, 52504 & 52518, Bandar Baru Bangi, District of Sepang State of Selangor Darul Ehsan.	Institutional, commercial and residential	Between 14 - 40 years	Freehold	3.411 million	93,040	18.04.02*
2	Lot No. P.T. 172, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	39 years	Leasehold 99 years expiring in 2076	1,760	526	01.03.02#
3	Lot No. P.T. 166, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	39 years	Leasehold 99 years expiring in 2076	1,760	439	11.06.02#
4	Lot No. P.T. 167, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	39 years	Leasehold 99 years expiring in 2076	1,760	439	11.06.02#
5	Lot No. P.T. 168, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Intermediate four-storey shophouse	39 years	Leasehold 99 years expiring in 2076	1,760	439	11.06.02#
6	Lot No. P.T. 169, Section 90, Town and District of Kuala Lumpur, State of Wilayah Persekutuan.	Corner lot four-storey shophouse	39 years	Leasehold 99 years expiring in 2076	2,208	625	11.06.02#
7	Country Lease No. 075356580, Sungai Tinosan, Sandakan, Sabah.	Land for future development	N/A	Leasehold 99 years expiring in 2074	291,850	531	10.03.05#
8	HS (M) 1156, Blok 7, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Workshop	17 years	Leasehold 99 years expiring in 2080	126,300	1,434	05.08.05#
9	HS (M) 3647, Mukim of Dengkil, District of Sepang, State of Selangor Darul Ehsan.	Vacant Land	N/A	Leasehold 99 years expiring in 2091	79,100	586	25.06.08#
10	No. Hakmilik Geran 79109, Lot 3223 Mukim of Beranang District of Ulu Langat State of Selangor Darul Ehsan.	Factory	11 years	Freehold	185,566	2,121	07.10.10#

LIST OF PROPERTIES

No	Location	Description/ Existing Use	Age of Buildings	Tenure	Approx. Land Area sq. ft.	Net Book Value at 31.12.2022 RM'000	Date of Revaluation*/ Acquisition#
11	Parcel No #17-16, Level 17, Type A Lot No HS(D) 452849 PTD 198871 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Service Apartment	11 years	Leasehold 99 years expiring in 2105	609	258	18.10.12#
12	HS(D) 478361, No. Lot PTD 204275 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim.	Vacant Land	N/A	Leasehold 99 years expiring in 2084	78,792	3,733	11.05.14#
13	De Centrum Mall Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Retail mall	7 years	Freehold	197,327	32,987	31.12.15#
14	C-13-1 till C-13-10 C-14-1 till C-14-10 C-15-1 till C-15-10 C-16-1 till C-16-10 D-13-1 till D-13-10 D-14-1 till D-14-10 D-15-1 till D-15-10 D-16-1 till D-16-10 Kondominium Unipark Jalan US 1, Taman Unipark Suria Off Jalan Ikram-Uniten 43690 Kajang State of Selangor Darul Ehsan.	Condominiums	6 years	Freehold	208,000	40,291	21.11.16#
15	Lot No. 52518 Bandar Baru Bangi District of Sepang State of Selangor Darul Ehsan.	Twelve-storey academic block	6 years	Freehold	42,688	34,364	06.04.16#
16	Park Inn by Radisson Hotel Taman Unipark Suria 43000 Kajang Selangor	Hotel	3 years	Freehold	131,277	37,115	20.2.2020
17	45-3A, The Residence St Regis Kuala Lumpur 6, Jalan Stesen Sentral 2 50470 Kuala Lumpur	Condominiums	1 year 9 months	Freehold	2,408	4,800	26.3.2021

ANALYSIS OF SHAREHOLDINGS

as at 30 March 2023

Issued Share Capital	: RM249,436,954
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		No. of Shares Held	
		%		%
Less than 100	574	8.88	27,127	0.01
100 – 1,000	355	5.50	132,105	0.03
1,001 – 10,000	2,508	38.82	12,265,122	2.54
10,001 – 100,000	2,541	39.33	80,660,056	16.74
100,001 to less than 5% of issued shares	479	7.41	215,267,077	44.69
5% and above of issued shares	4	0.06	173,383,923	35.99
*TOTAL	6,461	100.00	481,735,410	100.00

Remarks:

* Excluding 13,656,900 treasury shares

SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Sri Ir Chong Ket Pen	93,626,376	19.44	45,597,197 ⁽¹⁾	9.47
Penmacorp Sdn Bhd	45,597,197	9.47	-	-
Gan Chun Hui	35,814,100	7.43	-	-

Notes:

(1) Deemed interested pursuant to Section 8 of the Company's Act 2016 by virtue of his shareholdings in Penmacorp Sdn Bhd

DIRECTORS' SHAREHOLDINGS

Name	Direct Shareholdings		Indirect Shareholdings	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Sri Ir Chong Ket Pen	93,626,376	19.44	50,312,361 ^(a)	10.44
Dato' Ir Kenny Chong Ther Nen	2,866,458	0.60	2,095,800 ^(b)	0.44
Dato' Su-Azian @ Muzaffar Syah Bin Abd Rahman	875,000	0.18	3,645,833 ^(c)	0.76
Dato' Tan Yee Boon	-	-	-	-
Suhaimi Bin Badrul Jamil	105,832	0.02	-	-
Tham Wei Mei	-	-	-	-
Celine Chan Hooi Li	-	-	-	-

Notes:

(a) by virtue of his interest via his spouse, children and Penmacorp Sdn Bhd

(b) by virtue of his interest via spouse

(c) by virtue of his interest in Rencana Berkat Sdn Bhd

ANALYSIS OF SHAREHOLDINGS

as at 30 March 2023

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR CHONG KET PEN (PB)	57,777,816	11.99
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK ISLAMIC BERHAD FOR PENMACORP SDN BHD	43,943,447	9.12
3	CHONG KET PEN	35,848,560	7.44
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GAN CHUN HUI (PB)	35,814,100	7.43
5	MAR WOUI LIENG	9,091,100	1.89
6	FEDERLITE HOLDINGS SDN BHD	8,538,454	1.77
7	TAN HENG KUI	7,656,250	1.59
8	YAP MAN CHAN	6,205,900	1.29
9	ADDEEN HOLDINGS SDN BHD	4,899,999	1.02
10	KENANGA NOMINEES (ASING) SDN BHD RAKUTEN TRADE SDN BHD FOR YANG JIA YUAN	4,000,000	0.83
11	MAGDALEN KHOO MONG CHEEN	3,854,783	0.80
12	RENCANA BERKAT SDN BHD	3,645,833	0.76
13	LIM SIM KEE	3,519,400	0.73
14	RONNIE YAP KEE TIAN	2,755,307	0.57
15	LEE WEE MIEN	2,540,900	0.53
16	LEE BOON KIAN	2,291,479	0.48
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG TACK PENG (LBU 1031)	2,275,966	0.47
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSEMARY KHOO MONG SAN	2,095,800	0.44
19	LAI SEE CHEH	2,013,520	0.42
20	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHEAH KOK FAH (7000808)	1,950,000	0.40
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR YAP OON NEO (PB)	1,937,083	0.40
22	HOO CHIT NEO	1,844,333	0.38
23	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YI EN	1,828,800	0.38
24	PENMACORP SDN BHD	1,653,750	0.34
25	LIM YING ZHEN	1,635,141	0.34
26	KHOR KENG SAW @ KHAW AH SOAY	1,606,400	0.33

ANALYSIS OF SHAREHOLDINGS

as at 30 March 2023

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LIST OF TOP 30 SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
27	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	1,500,000	0.31
28	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG THER NEN	1,500,000	0.31
29	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG YOONG NYOCK	1,370,000	0.28
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR DEUTSCHE BANK AG SINGAPORE (MAYBANK SG PWM)	1,366,458	0.28
TOTAL		256,960,579	53.32

Note:

Without aggregating securities from different securities accounts belonging to the same person.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting of the Company will be held at the Conference Hall, 1st floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor on Wednesday, 31 May 2023 at 11.00 a.m. to transact the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of Directors and Auditors thereon.
2. To approve the payment of Directors' fees and benefits of up to RM500,000 for the period from the day after the Annual General Meeting to the next Annual General Meeting. Ordinary Resolution 1
3. To re-elect the following Directors retiring in accordance with Article 107(1)(b) of the Company's Constitution:
 - (i) Dato' Sri Su-Azian @ Muzaffar Syah bin Abd Rahman Ordinary Resolution 2
 - (ii) Dato' Chong Ther Nen Ordinary Resolution 3
 - (iii) Madam Celine Chan Hooi Li Ordinary Resolution 4
4. To appoint auditors of the Company and authorise the Directors to determine their remuneration. Ordinary Resolution 5
5. To consider and if thought fit, to pass the following resolution, with or without modifications:

ORDINARY RESOLUTION - AUTHORITY TO ALLOT SHARES

"THAT subject always to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Section 75 of the Companies Act 2016 to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be allotted pursuant to this Resolution does not exceed 10% of the issued shares of the Company for the time being. Ordinary Resolution 6

AND THAT pursuant to Clause 56 of the Constitution, direction to the contrary of pre-emptive rights under Section 85 of the Companies Act 2016 be and is hereby given for the Directors to offer and issue new shares of Company ranking equally to the existing shares of the Company pursuant to the aforesaid authority, to such persons for such consideration as the Directors deem fit and in the best interest of the Company."

6. To consider and if thought fit, to pass the following resolution, with or without modifications:

ORDINARY RESOLUTION - PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

"THAT subject to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and requirements of any other relevant authorities, the Directors of the Company be and are hereby authorised to purchase its own shares through Bursa Securities, subject to the following: Ordinary Resolution 7

- (a) The maximum number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;

NOTICE OF ANNUAL GENERAL MEETING

- (b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company;
- (c) The authority conferred by this resolution will be effective upon passing of this resolution and will continue in force until:
- (i) the conclusion of the next Annual General Meeting ("AGM"), at which time the said authority will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiry of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340 of the Act; or
 - (iii) the authority is revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;
- whichever occurs first;
- (d) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt in the following manners as the Directors of the Company may decide:
- (i) cancel the shares so purchased; or
 - (ii) retain the shares so purchased as treasury shares; or
 - (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or
 - (iv) distribute the treasury shares as dividends to shareholders; or
 - (v) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities; or
 - (vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme; or
 - (vii) transfer the treasury shares, or any of the shares as purchase consideration; or
 - (viii) cancel the treasury shares or any of the treasury shares; or
 - (ix) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister may by order prescribe.

THAT the Directors of the Company be authorised to take all such steps as are necessary and enter into all other agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

7. To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

APPROVAL TO CONTINUE IN OFFICE AS INDEPENDENT DIRECTORS

"THAT Dato' Tan Yee Boon who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

Ordinary Resolution 8

"THAT Encik Suhaimi bin Badrul Jamil who would serve the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years by December 2023, be and is hereby retained as an Independent Non-Executive Director of the Company."

Ordinary Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

- To transact any other business of which due notice shall have been received.

BY ORDER OF THE BOARD

KHOR HOOI LING (SSM PC No. 202008000854)

SEOW FEI SAN (SSM PC No. 201908002299)

Secretaries

Petaling Jaya

28 April 2023

NOTES TO NOTICE OF THE 22ND ANNUAL GENERAL MEETING:

- Only members whose names appear on the Record of Depositors as at 18 May 2023, shall be entitled to attend, speak and vote at the 22nd AGM.
- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- Where a member of the Company is an exempt authorised nominee 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.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or at any adjournment thereof, otherwise, the instrument of proxy shall not be treated as valid.
- Explanatory notes:

Ordinary Resolution 1 - The proposed Ordinary Resolution 1 is to approve the Directors' fees and benefits payable to the Non-Executive Directors ("NED") of up to an amount of RM500,000 with effect from the day after the AGM to the next AGM of the Company.

The fees and benefits payable to the NEDs of the Company are as follows:

- Monthly fixed fees for discharging duties as Director; and
- Meeting allowance for each Board/Board Committee/General Meeting attended.

The shareholders at the Twenty-First ("21st") AGM held on 1 June 2022 approved the Directors' fees and benefits of up to RM500,000 for the period from 2 June 2022 until the AGM for year 2023. The actual Directors' fees and benefits paid to the NEDs for the period from 2 June 2022 until the 22nd AGM is RM229,000.

Details of the fees and benefits paid to the Non-Executive Directors for the financial year ended 31 December 2022 are disclosed on page 82 of the Overview Statement on Corporate Governance in the 2022 Annual Report.

The Directors' fees and benefits for the Non-Executive Directors for the period from the day after the AGM to the next AGM in year 2023 are estimated not to exceed RM500,000. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that the number of the Non-Executive Directors will remain the same until the next AGM in year 2023.

The Board will seek shareholders' approval at the next AGM in the event the Directors' fees and benefits proposed are insufficient.

Ordinary Resolution 6 - The proposed Ordinary Resolution 6, if passed, will:

- empower the Directors of the Company to allot and issue not more than 10% of the issued shares of the Company subject to the approvals of all the relevant governmental and/or other regulatory bodies and for such purposes as the Directors consider would be in the interest of the Company; and
- give direction to the Directors of the Company to offer and issue new shares pursuant to the authority granted under Ordinary Resolution 6 to any such persons, without first to offer the new shares to the existing members of the Company in proportion to their shareholding.

The authority, if granted, will provide fundraising flexibility in a quick and cost efficient manner for the purpose of funding future investment projects, working capital and/or acquisition, or strategic opportunities involving equity deals, which may require the allotment of new shares.

The authorisation, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of printing of the Annual Report, no new share was issued by the Company pursuant to the authority granted to the Directors at the 21st Annual General Meeting held on 1 June 2022 and the said authority will lapse at the conclusion of the 22nd AGM.

Ordinary Resolution 7 - The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the total retained earnings of the Company. Further information on the Proposed Shares Buy-Back is set out in the Share Buy-Back Statement to Shareholders dated 28 April 2023.

Ordinary Resolutions 8 & 9 - The proposed Ordinary Resolutions 8 & 9, if passed, will allow Dato' Tan Yee Boon ("Dato' Tan") and Encik Suhaimi bin Badrul Jamil ("Encik Suhaimi") to be retained and continue to act as Independent Non-Executive Directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Dato' Tan has over 21 years of experience in both contentious and non-contentious legal matters specialising in corporate, commercial, litigation and advisory works. He has focused on matters such as initial public offering, transactions involving public listed companies, mergers and acquisitions and has represented various listed companies in matters relating to listing rules and the takeover code. In addition, Dato' Tan also has extensive experience in compliance and advisory works for listed companies in Malaysia as well as general commercial work such as corporate restructuring and cross-border matters, particularly foreign investments from the People's Republic of China.

Encik Suhaimi possesses invaluable experience and skills in leadership, corporate transformation, value management, corporate finance, corporate restructuring, risk management, turnaround management, cross border investments in South East Asia, mergers & acquisitions and strategic management. He has diversified and vast experience in various industries as he had held various senior positions including Group Financial Controller, Group General Manager and Group Executive Director in a Malaysian conglomerate whose activities include property development, transportation, insurance and banking, plantation, construction, manufacturing and investment holdings.

The Board of Directors has via the Nomination and Remuneration Committee conducted Directors' annual performance evaluation and assessment of both Dato' Tan and Encik Suhaimi, based on the following justifications:

- a. compliance with independence criteria set out in the Independent Directors Test of the Company;
- b. possession of sufficient self-esteem and confidence to stand up for an independent point of view;
- c. approach to any transaction that requires Board's approval with a watchful eye and an inquiring mind;
- d. unafraid to express an unpopular stance on issues or express disagreement on matters and actively pursue them with the rest of the Board; and
- e. do not shy away from asking hard and uncomfortable questions during board deliberations.

The Board is of the opinion that their skills, competence, experience and familiarity with the fundamentals of the Group's business are pivotal to decision making. Additionally, their long service does not affect their independence and they continue to provide the necessary checks and balances during their tenure as Independent Directors of the Company. Hence, the Board recommends that they continue to act as Independent Non-Executive Directors of the Company.

Registration No. 200101012322 (548078-H)
(Incorporated in Malaysia)

I/We _____
(Full Name)

NRIC/Passport/Company No. _____

of _____
(Full Address)

being a member/members of **Protasco Berhad** hereby appoint _____
(Full Name)

NRIC/Passport No. _____

of _____
(Full Address, Email Address & Contact Number)

or failing him/her _____
(Full Name)

NRIC/Passport No. _____

of _____
(Full Address, Email Address & Contact Number)

or failing him/her, the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the 22nd Annual General Meeting of the Company to be held at the Conference Hall, 1st floor, Corporate Building, Unipark Suria, Jalan Ikram-Uniten, 43000 Kajang, Selangor on Wednesday, 31 May 2023 at 11.00 a.m. and at any adjournment thereof and to vote as indicated below:

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees and benefits.		
2.	To re-elect Dato' Sri Su-Azian @ Muzaffar Syah bin Abd Rahman as a Director of the Company.		
3.	To re-elect Dato' Chong Ther Nen as a Director of the Company.		
4.	To re-elect Madam Celine Chan Hooi Li as a Director of the Company.		
5.	To appoint auditors of the Company and authorise the Directors to determine their remuneration.		
6.	To approve the authority to allot shares.		
7.	To approve the proposed renewal of share buy-back authority.		
8.	To approve the retention of office of Dato' Tan Yee Boon as an Independent Non-Executive Director.		
9.	To approve the retention of office of Encik Suhaimi bin Badrul Jamil as an Independent Non-Executive Director.		

Please indicate with a "X" in the space above on how you wish to cast your vote. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

Signed this _____ day of _____ 2023

Signature/Seal of Member

No. of Shares Held	
CDS Account No.	
Proportion of shareholdings to be represented	1 st Proxy: 2 nd Proxy:

Notes:

1. Only members whose names appear on the Record of Depositors as at 18 May 2023 shall be entitled to attend, speak and vote at the 22nd AGM.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
3. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the Annual General Meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. Where a member of the Company is an exempt authorised nominee 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.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under its Common Seal or under the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy thereof, must be deposited at the Registered Office of the Company at 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time for holding the meeting or at any adjournment thereof, otherwise, the instrument of proxy shall not be treated as valid.

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STAMP

The Company Secretaries

PROTASCO BERHAD

802, 8th Floor, Block C, Kelana Square
17, Jalan SS7/26, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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www.protasco.com.my

CORPORATE OFFICE

PROTASCO BERHAD

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F (603) 8926 4023

KUALA LUMPUR OFFICE

PROTASCO BERHAD

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