



Y&G 集團
CORPORATION BHD

196501000612 (6403-X)

ANNUAL REPORT

2022

To Strive To Be Relevant,
Together We Build A Sustainable Tomorrow

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifty-Seventh Annual General Meeting (“57th AGM” or “Meeting”) of **Y&G CORPORATION BHD.** (“the Company”) will be held and conducted on a virtual basis through live streaming and online remote voting via online meeting platform at www.swsb.com.my provided by ShareWorks Sdn. Bhd. from the Broadcast Venue at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia on **Wednesday, 31 May 2023 at 11.00 a.m.** for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *(Please refer to Note B)*
2. To approve the payment of Directors’ fees of up to RM320,000 for the financial year ended 31 December 2022. **Ordinary Resolution 1**
(Please refer to Note C)
3. To re-elect the following Directors who retire by rotation pursuant to Clause 137 of the Company’s Constitution:
 - (i) Mr. Lee Boon Hong @ Lee Boon Keong; and
 - (ii) Dato’ Yap Jun Jien.**Ordinary Resolution 2**
Ordinary Resolution 3
(Please refer to Note D)
4. To re-appoint Messrs. T. H. Kuan & Co. as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**
(Please refer to Note E)

AS SPECIAL BUSINESS

To consider and if thought fit, pass with or without any modifications, the following resolutions:

5. ORDINARY RESOLUTION

Payment of Directors’ Allowances to Non-Executive Directors

“**THAT** the payment of Directors’ allowances of up to RM7,500 per month to Non-Executive Directors of the Company for the period commencing 1 June 2023 to the date of the next annual general meeting be and is hereby approved.”

Ordinary Resolution 5
(Please refer to Note F)

6. ORDINARY RESOLUTION

Proposed Retention of Independent Non-Executive Directors

(i) “**THAT** Mr. Lee Boon Hong @ Lee Boon Keong, who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company.”

Ordinary Resolution 6
(Please refer to Note G)

(ii) “**THAT** Encik Mohd Shafizan Bin Shahbudin, who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, shall continue to act as an Independent Non-Executive Director of the Company.”

Ordinary Resolution 7
(Please refer to Note G)

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

7. ORDINARY RESOLUTION

Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being and that the Directors be and are also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier unless revoked or varied by an ordinary resolution of the Company at a general meeting (“**Mandate**”);

THAT approval be and is hereby given for the waiver of the pre-emptive rights of the existing shareholders of the Company to be offered new shares in proportion to their shareholdings ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act 2016 and Clause 68 of the Constitution of the Company arising from any issuance of new shares pursuant to the Mandate;

AND THAT the Board of Directors of the Company be exempted from the obligation to offer such new shares first to the existing shareholders of the Company arising from any issuance of new shares pursuant to the Mandate.”

8. To transact any other business of the Company of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

Ordinary Resolution 8
(Please refer to Note H)

By Order of the Board
Y&G CORPORATION BHD.

CHEN WEE SAM (LS 0009709) (SSM PC No. 202008002853)
Company Secretary

Kuala Lumpur
28 April 2023

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Notes:

A. Appointment of Proxy(ies)

- (i) The 57th AGM will be held and conducted on a virtual basis through live streaming and online remote voting using remote participation and voting ("**RPV**") facilities.
- (ii) The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the 57th AGM.

No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the 57th AGM.

- (iii) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors ("**Board**") of the Company) and vote in his/her/its stead.

A member who wishes to appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote at the 57th AGM via the RPV facilities must request his/her/its proxy(ies)/corporate representative(s)/attorney(s) to register himself/herself/themselves for the RPV facilities at www.swsb.com.my. Please read and follow the procedures as set out in the Administrative Guide of the 57th AGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com in order to register, participate and vote remotely via the RPV facilities.

- (iv) A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- (v) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- (vi) 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (vii) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the share registrar office of the Company, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

A. Appointment of Proxy(ies) (Cont'd)

- (viii) Subject to the Constitution, members may deposit the instrument appointing the proxy(ies) by electronics means by way of submitting the instrument to the e-mail address ir@shareworks.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (ix) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
- (x) For the purpose of determining a member who shall be entitled to attend the 57th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 80(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 May 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 24 May 2023 shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
- (xi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

B. Audited Financial Statements for the Financial Year Ended 31 December 2022

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

C. Ordinary Resolution 1: Payment of Directors' Fees

Section 230(1) of the Companies Act 2016 provides that the Directors' fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and/or benefits for the financial year ended 31 December 2022.

D. Ordinary Resolutions 2 and 3: Re-election of Directors

Mr. Lee Boon Hong @ Lee Boon Keong and Dato' Yap Jun Jien ("**Retiring Directors**"), who retire by rotation in accordance with Clause 137 of the Company's Constitution, are eligible and have offered themselves for re-election as Directors at the 57th AGM of the Company.

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at the 57th AGM, the Board through its Nomination Committee had assessed the Retiring Directors, and considered the following:

- (i) The Directors' performance and contribution;
- (ii) The Directors' skills, experience and strength in qualities;

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

D. Ordinary Resolutions 2 and 3: Re-election of Directors (Cont'd)

- (iii) The level of independence demonstrated by the Independent Non-Executive Director;
- (iv) The Directors' ability to act in the best interest of the Company in decision-making; and
- (v) The Directors' fitness and propriety with reference to the Directors' Fit and Proper Policy.

The Retiring Directors had abstained themselves from all deliberations and decisions on their own respective proposed re-election as Directors at the Board of Directors' Meeting.

E. Ordinary Resolution 4: Re-appointment of Auditors

The Audit and Risk Committee ("ARC") has assessed the objectivity, suitability and independence of the External Auditors and recommended the re-appointment of Messrs. T. H. Kuan & Co. as External Auditors of the Company for the financial year ending 31 December 2023. The Board has reviewed the recommendation of the ARC and recommended the same for the shareholders' approval at the 57th AGM of the Company.

Explanatory Notes on Special Business

F. Ordinary Resolution 5: Payment of Directors' Allowances to Non-Executive Directors

Ordinary Resolution 5 is to approve the payment of Directors' allowances to the three (3) Non-Executive Directors of the Company of up to RM7,500 per month for the period commencing 1 June 2023 to the date of the next annual general meeting. The Board is of the view that it is just and equitable for the Directors to be paid the allowances for them to discharge their responsibilities and render their services to the Company.

G. Ordinary Resolutions 6 and 7: Proposed Retention of Independent Non-Executive Directors

The proposed Ordinary Resolutions 6 and 7, if passed, will allow Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin to continue to act as Independent Non-Executive Directors to fulfil the requirement of Paragraph 15.02 of Bursa Securities' Main Market Listing Requirements. The full details of the Board's justification and recommendations for the retention of Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Non-Executive Directors are set out in Corporate Governance Overview Statement on pages 35 and 36 of the Annual Report 2022.

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance 2021, the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Under the two-tier voting process, shareholders' votes will be cast in the following manner at the Meeting:

- Tier 1: Only the *Large Shareholder(s) of the Company votes; and
- Tier 2: Shareholders other than *Large Shareholders votes

*Large Shareholder means a person who –

- is entitled to exercise, or control the exercise of, not less than 33% of the voting shares in the Company;
- is the largest shareholder of voting shares in the Company;

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

G. Ordinary Resolutions 6 and 7: Proposed Retention of Independent Non-Executive Directors (Cont'd)

- has the power to appoint or cause to be appointed a majority of the Directors of the Company; or
- has the power to make or cause to be made, decisions in respect of the business or administration of the Company, and to give effect to such decisions or cause them to be given effect to.

The decisions for the Ordinary Resolutions 6 and 7 are determined based on the vote of Tier 1 and a simple majority of Tier 2. If there is more than one (1) Large Shareholder, a simple majority of votes determine the outcome of Tier 1 vote. A resolution is deemed successful if both Tier 1 and Tier 2 votes support the resolution.

However, the resolution is deemed to be defeated where the vote between the 2 tiers differs or where Tier 1 voter(s) abstained from voting.

H. Ordinary Resolution 8: Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 8 is proposed pursuant to Sections 75 and 76 of the Companies Act 2016 for the purpose of obtaining a renewed general mandate ("**Renewed General Mandate**"), which if passed, will empower the Directors of the Company to allot and issue new ordinary shares in the Company at any time provided that the aggregate number of ordinary shares issued pursuant to the Renewed General Mandate does not exceed ten per centum (10%) of the total number of issued ordinary shares (excluding treasury shares, if any) of the Company for the time being for such purposes as the Directors deem fit and in the best interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This Renewed General Mandate will, unless revoked or varied by the Company at a general meeting, expire at the conclusion of the next annual general meeting after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is the earlier. This Renewed General Mandate, if granted, will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

The Ordinary Resolution 8, if passed, would be tantamount to shareholders of the Company agreeing to waive their pre-emptive rights in respect of the allotment and issuance of the new ordinary shares pursuant to the Renewed General Mandate, which will result in a dilution to the shareholders' shareholdings in the Company.

As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the general mandate granted to the Directors at the Fifty-Sixth Annual General Meeting of the Company held on 31 May 2022 and it will lapse at the conclusion of this 57th AGM.

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

Personal Data Privacy:

By lodging of a completed Form of Proxy with the share registrar office of the Company for appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate and vote at the 57th AGM and any adjournment thereof, a member of the Company is hereby: (i) consenting to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxy(ies) or corporate representative(s) or attorney(s) appointed for the 57th AGM (including any adjournment thereof) and the preparation and compilation of the attendance list, minutes and other documents relating to the 57th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warranting that where the member discloses the personal data of the member's proxy(ies) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(s) for the Purposes ("**Warranty**"); and (iii) agreeing that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of the Warranty.

STATEMENT ACCOMPANYING NOTICE OF FIFTY-SEVENTH ANNUAL GENERAL MEETING (“57TH AGM”)

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. No individual is seeking election as a Director of the Company at the 57th AGM.

2. Details of the general mandate to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note H of the Notice of 57th AGM.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lee Boon Hong @ Lee Boon Keong	Independent Non-Executive Chairman
Dato' Sri Yap Seng Yew	Managing Director
Datin Sri Gan Li Li	Deputy Managing Director
Dato' Yap Jun Jien	Executive Director
Mohd Shafizan Bin Shahbudin	Independent Non-Executive Director
Tan Kak Teck	Independent Non-Executive Director

AUDIT AND RISK COMMITTEE

Tan Kak Teck (Chairman)
Lee Boon Hong @ Lee Boon Keong
Mohd Shafizan Bin Shahbudin

NOMINATION COMMITTEE

Mohd Shafizan Bin Shahbudin (Chairman)
Lee Boon Hong @ Lee Boon Keong
Tan Kak Teck

REMUNERATION COMMITTEE

Dato' Yap Jun Jien (Chairman)
Lee Boon Hong @ Lee Boon Keong
Mohd Shafizan Bin Shahbudin

COMPANY SECRETARY

Chen Wee Sam
(LS 0009709)
(SSM PC No. 202008002853)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan (KL)
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8,
Sri Hartamas,
50480 Kuala Lumpur,
Wilayah Persekutuan (KL)
Tel : 03 - 6201 1120
Fax : 03 - 6201 3121

AUDITORS

T. H. Kuan & Co. (AF : 1216)
Chartered Accountants
No. 26A, Jalan 21/19, SEA Park,
46300 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 - 7875 8200
Fax : 03 - 7877 1820

STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD
(Main Market)
Stock Code : 7003
Stock Name : Y&G

PRINCIPAL BANKERS

Hong Leong Bank Berhad
AmBank (M) Berhad
RHB Bank Berhad

WEBSITE

www.ygcorp.com.my

DIRECTORS' PROFILE

LEE BOON HONG @ LEE BOON KEONG

aged 70, Male, Malaysia

Independent Non-Executive Chairman

Mr. Lee was appointed to the Board on 11 March 2005 and re-designated as an Independent Non-Executive Chairman on 12 May 2008. He holds a BA (Hons) degree in Interior Architecture, University of Teesside (formerly known as Teesside Polytechnic), United Kingdom. He currently serves on the Board of Directors of an oil palm plantation company. Mr. Lee serves as a member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee of the Company. He does not have any conflict of interest with the Company, and is not having any family relationship with any Directors and/or major shareholders of the Company.

DATO' SRI YAP SENG YEW

aged 64, Male, Malaysia

Managing Director/Key Senior Management

Dato' Sri Yap was appointed as the Executive Director of the Company on 20 December 2004 and re-designated as Managing Director on 11 March 2005. Upon the completion of his studies, he ventured into the business of property development, building construction and civil engineering industries. Over the past 30 years, he has been actively involved in the management of various developments, and hence has gathered extensive experience and expertise especially in the housing and property development sectors. Dato' Sri Yap is a major shareholder of the Company and he is the spouse of the Deputy Managing Director, Datin Sri Gan Li Li and father of the Executive Director, Dato' Yap Jun Jien and father of a major shareholder, Mr. Yap Jun Wei. He does not have any conflict of interest with the Company.

DATIN SRI GAN LI LI

aged 62, Female, Malaysia

Deputy Managing Director/Key Senior Management

Datin Sri Gan was appointed as the Executive Director of the Company on 20 December 2004 and then re-designated as Deputy Managing Director on 11 March 2005. She has been actively involved in the operations of the Company over the years and amassed vast experience in the housing and property development businesses. Datin Sri Gan is a major shareholder of the Company and she is the spouse of Dato' Sri Yap Seng Yew and mother of Dato' Yap Jun Jien and Mr. Yap Jun Wei. She does not have any conflict of interest with the Company.

DATO' YAP JUN JIEN

aged 41, Male, Malaysia

Executive Director/Key Senior Management

Dato' Yap was appointed as the Executive Director of the Company on 1 December 2007. He has also served as the Chairman of the Company's Remuneration Committee since 1 December 2007. He holds a Civil Engineering degree from the University of Nottingham, United Kingdom. Dato' Yap is a major shareholder of the Company and he is the son of Dato' Sri Yap Seng Yew and Datin Sri Gan Li Li. He is also the brother of Mr. Yap Jun Wei, a major shareholder of the Company. He does not have any conflict of interest with the Company.

MOHD SHAFIZAN BIN SHAHBUDIN

aged 49, Male, Malaysia

Independent Non-Executive Director

Encik Mohd Shafizan was appointed to the Board on 11 March 2005. An advocate and solicitor by profession, he graduated from University of Malaya with a LLB (Hons) degree. He is the Chairman of the Company's Nomination Committee and also a member of both Audit and Risk Committee and Remuneration Committee. He does not have any conflict of interest with the Company, and is not having any family relationship with any Directors and/or major shareholders of the Company.

DIRECTORS' PROFILE (Cont'd)

TAN KAK TECK
Independent Non-Executive Director

aged 64, Male, Malaysia

Mr. Tan was appointed to the Board on 3 October 2014. A chartered accountant by profession, he is a member of Malaysian Institute of Accountants and a Fellow Member of Association of Chartered Certified Accountants. He is the Chairman of the Audit and Risk Committee and a member of Nomination Committee of the Company. Currently, he is a partner of a Chartered Accountant firm in Kuala Lumpur. Mr. Tan does not have any conflict of interest with the Company, and is not having any family relationship with any directors and/or major shareholders of the Company.

KEY SENIOR MANAGEMENT'S PROFILE

YAP JUN WEI
Key Senior Management

aged 39, Male, Malaysia

Mr Yap was appointed as the Corporate cum Project Planning Manager of the Company and its subsidiaries since 2 January 2009. He graduated with a B.Sc Actuarial Science from London School of Economics and a Master of Philosophy from University of Cambridge, United Kingdom. He is responsible for the corporate affairs, project development planning and marketing of the Group. He is a major shareholder of the Company. He is the son of Dato' Sri Yap Seng Yew and Datin Sri Gan Li Li and the brother of Dato' Yap Jun Jien. He does not have any conflict of interest with the Company.

OTHER INFORMATION

Directorship in other Public Companies and Listed Companies

None of the Directors/Key Senior Management holds any directorship in other public companies and listed companies.

Conviction of Offences

Other than traffic offences, if any, the Directors/Key Senior Management have not been convicted of any offences within the past five (5) years and have not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

Attendance of Board Meetings

The Directors' attendance of the Board of Directors' Meetings for the financial year 2022 is presented on page 32 of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

During the financial year ended 31 December 2022 (“FY2022”), the principal activities of the Group remain as property development.

ECONOMIC OVERVIEW

Malaysia registered a Gross Domestic Product (“GDP”) of 8.7% in 2022 (2021: 3.1%). The encouraging GDP growth was mainly contributed by the full economic re-opening, effects of pandemic fiscal policy support, robust domestic demand and external trade. Nevertheless, the GDP of the 4th quarter 2022 showed a decline of 2.6% compare with the 3rd quarter 2022. Nevertheless, the strong GDP growth of 8.7% for 2022 could be due to the low-base effect of 2021.

The unemployment rate continued to decline to 3.6% in 2022 (2021: 4.2%). Nevertheless, the inflation rate marked 3.3% in 2022 (2021: 2.5%)

(Source: Bank Negara Malaysia (“BNM”) & Statistic Department Malaysia)

OVERVIEW OF BUSINESS AND OPERATIONS

In 2022, the overall property industry/market remains challenging. It was affected by price hikes of building materials and labour shortages that severely affect the productivity of the industry.

In addition, BNM raised the Overnight Policy Rate four times in 2022, resulted the increased interest rates back to the pre-pandemic level. Hence, it poses an adverse impact on the demand for the property although not expected to be very major.

The conclusion of the 15th General Election in 2022 with the formation of a unity government will hopefully, put a stop to the political instability that occurred for the past three years and create an environment that will be able to attract more investors as well as promote economic growth.

During FY2022, the Group entered into a Conditional Sales & Purchase Agreement in acquiring two (2) parcels of leasehold land measuring 20.01 acres in Lukut Town, Port Dickson District, Negeri Sembilan State and enlarged our land bank to 269.7 acres.

Project Trifolia remain the only ongoing project and was fully sold in FY2022 with construction works targeted to be completed by the 2nd quarter of 2023. The slower-than-expected completion is still within the timeline of vacant possession delivery after the extension of time granted by the Ministry of Housing and Local Government due to several Movement Control Orders imposition that severely affected the construction work progress.

As for the completed projects, the inventories contributed RM21.8 million of revenue during FY2022.

The Group’s unbilled sale surged to RM48.5 million (FY2021: RM37.8 million) and will be progressively recognised and contributed to the Group’s cash flow and revenue in 2023.

Moving forward, the Group remains committed to sourcing for potential and strategic land banks, in line with its objective of sustaining its core business as a property developer. In addition, the Group would continue with its prudent strategy with regards to embarking on new property development projects plans and launches.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

REVIEW OF FINANCIAL RESULTS

In FY2022, the Group reported a lower revenue of RM64.8 million, compared to RM75.4 million in the financial year ended 31 December 2021 ("**FY2021**"), representing a decrease of 14% or RM10.6 million. The plunge in revenue was recorded in the 4th quarter of 2022, mainly due to the low inventory for sale and the absence of a new project launch.

On the back of the shrink in revenue as abovementioned, the Group's profit before tax decreased by RM0.9 million to RM13.9 million in FY2022 compared to RM14.8 million reported in FY2021.

The Group's balance sheet had been strengthening in the form of hefty cash and cash equivalent balances and low gearing. The Group had pared down its debts by RM13.6 million from the cash generated through sale proceeds from Project Trifolia and completed projects.

Land Held for Property Development ("**LHFPD**"), Cash and Cash Equivalents ("**CCE**") and Contract Assets ("**CA**"), remain as the major components of the Group's assets.

The Group's Net Tangible Asset expanded by RM8.3 mil as compared to FY2021. The increase can be largely attributed to the following factors:

- Increase in LHFPD by RM18.40 million mainly due to a new land acquisition during the year;
- Increase in CCE by RM41.2 million mainly due to the sale proceeds generated from Project Trifolia and completed projects.
- Increase in CA by RM14.0 million mainly due to the work done but have yet to issue the progress billing to the purchasers.

As compared to FY2021, save for the lower revenue mentioned above, there were no significant changes to the components of the Group's income and expenses for FY2022.

Notwithstanding the above, the shareholder's equity has increased to RM312.6 million (FY2021: RM302.9 million) with net tangible assets of RM1.43 (FY2021: RM1.38) per share. The market capitalization was lower at RM154.03 million as compared to FY2021 (FY2021: RM279.65 million) based on its closing market price of RM0.705 per share as of the last trading day in FY2022.

For further information about our financial results, please kindly refer to our past Five (5) Years' Financial Highlights on page 49 of this Annual Report.

DIVIDEND

The Board of Directors ("**Board**") acknowledges the importance of rewarding and providing a return to shareholders on a yearly basis through the payment of dividend. However, in light of the near to medium-term global macroeconomic uncertainties, heighten geopolitical tension, ongoing supply-chain disruptions, escalating energy prices and inflationary risk, the Board is of the view that conserving the cash as well as retaining the financial flexibilities for upcoming new launch projects and acquisition of strategic landbank prevail. As such, the Board does not recommend the payment of any dividend at the forthcoming 57th AGM.

The Board remains committed to achieving long-term growth and delivering sustainable returns for shareholders. The Board endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management to ensure the shareholders may participate in the profits of the Group in the future.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

OUTLOOK AND FUTURE PROSPECTS

As a highly open economy, Malaysia's economic prospect is dependent on global economic developments. Both the International Monetary Fund and the World Bank were predicting that global economic growth to slow down in 2023.

Economic pressures, most notably an increase in global inflation due to continued price increases in commodity, food and raw materials, besides prevailing supply chain issues partly due to the tension between Russia and Ukraine, may raise the operating and input costs to businesses. Furthermore, the risk of tighter global financial conditions and the rising cost of living may pose as challenges to the recovery efforts. Nonetheless, Malaysia's near-term growth outlook remains resilient with sound macroeconomic fundamentals, stable financial conditions as well as a broad-based and diversified economic structure. In addition, the contribution of tourism and its related sectors is expected to recover following an increase in the number of tourist arrivals.

In 2023, while there are uncertainties and challenges, the Group will remain vigilant in monitoring the economic progress locally and globally, and optimistic that there is still pent-up demand for well-planned properties in strategic locations. The Group will prudently and closely track the market sentiments before launching new projects to meet the demand at all times. Nevertheless, the Group is hoping to launch at least one (1) development project in the growing mid-market segment in 2023. In addition, the Group is planning and targeting to launch the remaining block of Trifolia, consisting of 120 units of affordable apartments, by the 3rd quarter of 2023 and is expected to contribute to the revenue of the Group in near future.

The Group will also leverage its ongoing projects i.e. Project Trifolia. The construction progress of Project Trifolia reached 98%. The Block B and Block C units were fully sold and expanded the unbilled sales by 28% at RM48.5 million (2021: RM37.8 million). Project Trifolia is expected to be the key driver of the Group's earnings in 2023.

In addition, the Group is committed to monetising the existing inventories to further enhance the financial position of the Group.

On top of that, the land banks in hand stand at 269.7 acres would enable the Group to deliver sustainable long-term growth for all stakeholders.

Concurrently, the Group will intensify its marketing strategies of utilising digital marketing and virtual technologies and participating in various digital events to increase the visibility and awareness of its projects, hence generating new leads, and boosting sales. In addition, we strive to work closely with the end-financiers and potential homebuyers to address and overcome the issues pertaining to stringent financing and loan rejection.

Moving ahead, the Group's priority is to actively keep an eye on its liquidity and cash flow whilst adopting prudent risk management and rigorous cost-optimisation measures to ensure business sustainability and pave its way in reaping the benefits from a recovering market in the near to medium term.

The Group will continue to leverage its strategic objectives, enhance its business processes and corporate governance while focusing on building quality and value engineering. These objectives include investing in land banking opportunities for creating long-term value for our stakeholders.

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Y&G Corporation Bhd. and its subsidiaries (“the Group”) are pleased to share our Sustainability Statement. Our corporate mission remains to develop and provide quality homes to our customers and will continue to uphold innovation and quality across all our developments at affordable prices. The Group will continue to strive and maximize the profits to stakeholders.

In this statement, we disclose the Group’s continuous efforts in improving our economic, environmental, and social (“EES”) practices to embed sustainability throughout our operations for the financial year ended 31 December 2022 (“FY2022”) and have been prepared in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines and Bursa Malaysia Securities Berhad’s Sustainability Reporting Guidelines. The Group have not obtained any independent assurance of the information being reported for FY2022.

In our efforts to adapt our EES reporting and strategies, we welcome and value your suggestions that can be directed to:-

Head of Finance: Mr. Yap Yoon Sin

Email : yoonsin.yap@ygcorp.com.my

Mail Address : Lot G-01, Ground Floor,
Tower B, PJ City Development,
No.15A, Jalan 219, Seksyen 51A,
46100 Petaling Jaya,
Selangor Darul Ehsan.

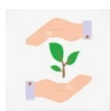
Y&G’S SUSTAINABILITY PILLARS

While pursuing our business goals, we are committed to developing and publishing an overarching Sustainability Policy which consists of three guiding pillars as follows: -



ECONOMIC

- Realising greater value for stakeholders
- Upholding competitive financial performance through progressive integration of sustainable business practices



ENVIRONMENTAL

- Minimising environmental footprint by adopting green practises and supporting conservation efforts



SOCIAL

- Upholding good business ethics and integrity
- Providing a safe, equal, inclusive and conducive workplace
- Creating communities for lasting positive impact in all aspects through a variety of initiatives

SUSTAINABILITY STATEMENT (Cont'd)

Y&G'S SUSTAINABILITY PILLARS (Cont'd)

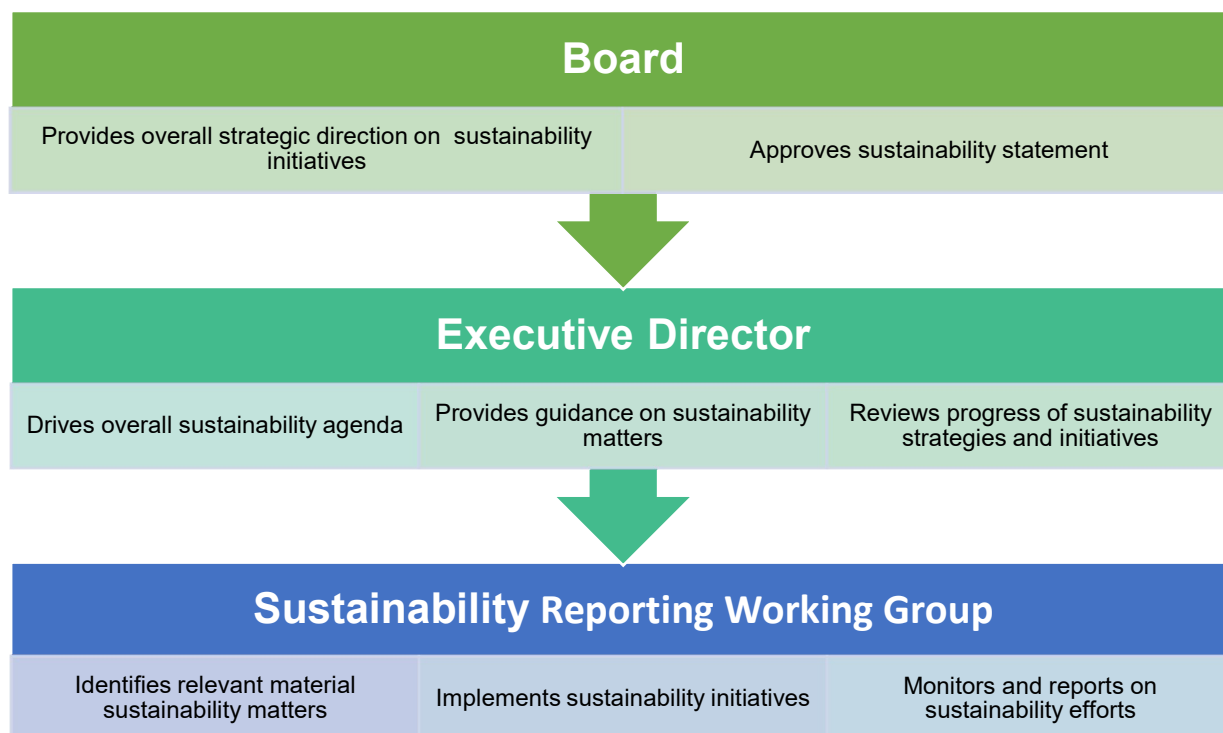
Our sustainability goals and efforts align with our commitment to be a positive contributor to people, communities, stakeholders and the environment. Sustainability practices underline our operations and are integrated into our organisational culture, stakeholder engagement, governance and processes.

SUSTAINABILITY GOVERNANCE STRUCTURE

Strong corporate governance is essential and vital to sustainable business operations. The Board of Directors ("**Board**") strive to uphold a high standard of ethical behaviour at all times in all aspects of our business. The Board abide by all of the relevant laws, regulations and industry best practices in the jurisdictions that we operate.

The Board have streamlined the governance structure by consolidating the responsibilities of the Sustainability Committee under the Sustainability Reporting Working Group ("**SRWG**"). The SRWG comprises several key management personnel from finance, project, marketing, human resources & general administration and corporate planning which was formed in 2019, overseeing the identification, implementation, monitoring and reporting on the sustainability strategies and practices of the Group. The SRWG works together with the Executive Director and comes under the direct purview of the Board to drive the sustainability strategy of the Group.

The sustainability governance structure is illustrated below:



SUSTAINABILITY STATEMENT (Cont'd)

SUSTAINABILITY POLICY

The Group adopted a sustainability policy as a guiding principle to improve sustainability performance. The sustainability policy will endeavour to:

- Continuously assess and address significant economic, environmental and social concerns on our operations and incorporate these considerations into our business planning, decision-making and execution processes to ensure sustainability;
- Ensure compliance with relevant legislations, standards, policies and procedures;
- Ensure business activities are conducted in an ethical and transparent manner;
- Define targets and track sustainability performance;
- Improve efficiency in our operations;
- Maintain relationships with our stakeholders as we drive our sustainability journey; and
- Attract, develop, and retain talents by committing to fair employment practices, provision of career training and competitive remuneration packages.

STAKEHOLDERS' ENGAGEMENT

Effective and continuous engagement and communication with our stakeholders are integral to business operations and enable us to assist the Group in determining our sustainability approach. We continue to align and adapt the Group's focus to the changing priorities of our stakeholders. Through constant engagement with all stakeholders, we build mutual trust and gain better insight into the community's needs as well as market trends which enables us to effectively formulate the Group's sustainability strategies and practices.

The table below outlines the stakeholder groups, their area of interests and our methods of engagement during the reporting period:

SUSTAINABILITY STATEMENT (Cont'd)

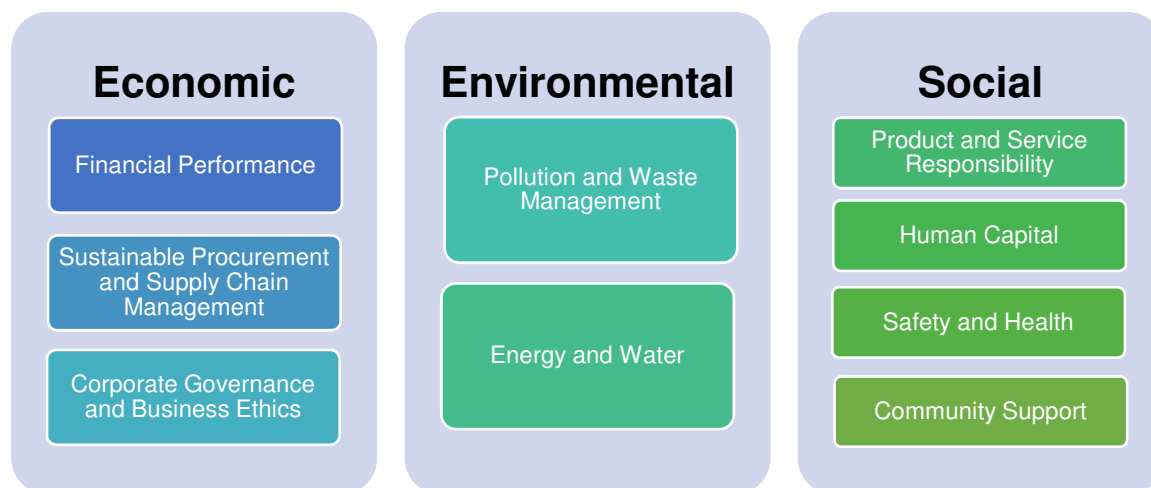
STAKEHOLDERS' ENGAGEMENT (Cont'd)

Stakeholder	Area of interests	Methods of communication
Shareholders and Investors 	<ul style="list-style-type: none"> ❖ Return on investment ❖ Financial performance ❖ Branding ❖ Company's strategies and updates ❖ Corporate governance ❖ Risk management 	<ul style="list-style-type: none"> • Investor relations • Annual, interim and sustainability reports • Shareholders' updates • Annual general meeting • One-to-one or group meetings • Site visits • Corporate announcements • Company's website
Customers (existing and potential) 	<ul style="list-style-type: none"> ❖ Community activities and programmes ❖ Company's development and updates ❖ Project launches ❖ Customer engagements ❖ Quality of products ❖ Health, safety and environmental compliance 	<ul style="list-style-type: none"> • Company's website • Events and engagement sessions • Social media • Customer care email • Marketing materials • Sales galleries
Employees 	<ul style="list-style-type: none"> ❖ Career development and opportunities ❖ Remuneration and welfare ❖ Training and skills enhancement ❖ Workplace health and safety 	<ul style="list-style-type: none"> • Performance appraisal • Regular meetings • Intranet • Sports & Social Club's activities
Government/Regulatory Authorities 	<ul style="list-style-type: none"> ❖ Compliance with laws and regulations ❖ Supporting government's initiatives ❖ Annual reporting ❖ Labour practices, environmental and health issues 	<ul style="list-style-type: none"> • Formal meetings • Performance reports • Regular consultations • Site inspections/audits
Suppliers and contractors 	<ul style="list-style-type: none"> ❖ Fair procurement ❖ Sustainable partnerships 	<ul style="list-style-type: none"> • Training and briefing • Events and engagement sessions • Meetings and discussions • Tendering and procurement process
Community and the Public 	<ul style="list-style-type: none"> ❖ Societal contributions ❖ Socio-environmental impact from operations 	<ul style="list-style-type: none"> • Community programmes • Social media • Website • Strategic partnership

SUSTAINABILITY STATEMENT (Cont'd)

MATERIAL SUSTAINABILITY MATTERS

In our pursuit of integrating sustainability into our business operations and practices, we regularly review and assess the relevance of our material sustainability matter. For FY2022, the following nine (9) material sustainability matters from the previous reporting period were deemed to still be relevant to our businesses and stakeholders.



1. ECONOMIC

Financial Performance

An astute financial performance is one of the key factors in maintaining the continuity of the Group in the long term. The Group is committed to increasing sustainable and responsible corporate performance that ensures the needs and expectations of all the stakeholders are met.

During FY2022, the global market and economies were adjusting to the “new normal”, the ongoing effects of the COVID-19 pandemic and the war between Russia and Ukraine.

The Group’s business operations have faced several economic and financial challenges such as contractor labour shortages, supply chain disruptions and construction material cost hikes.

Despite the challenges, we continue to embrace it and endeavour to create long-term value for our stakeholders.

To enhance the management of the financial impacts of the pandemic and the war, we take the prudent step of delaying the implementation of new project launches during this period of uncertainty and instead, focused on formulating the strategies and initiatives to achieve continued financial well-being of the Group including monetizing our existing inventory and embarked on cost-cutting measurements. In FY2022, there was an increase in digitalisation activities as we looked for alternate ways to engage buyers and stay in touch with our communities. Our digitisation efforts included the adoption of e-brochures and virtual walkthroughs as sales tools, and the increased use of digital advertising and social media marketing.

SUSTAINABILITY STATEMENT (Cont'd)

1. ECONOMIC (Cont'd)

Financial Performance (Cont'd)

Despite the challenging times in FY2022, the Group's financial indicators have largely been stable as we continued to focus our priority to drive sustainable growth and create long-term value for stakeholders while remaining resilient in softening market conditions.

The Group still managed to generate RM64.8 million in revenue and a marginal loss after tax of RM0.15 million in FY2022. We remain positive towards the future of the property market and will continue to be prudent in maintaining stable financials as the base for sustainable long-term growth which will enable us to execute our objectives in creating value over the coming years.

The Group is also aware of the importance of replenishing our land bank in strategic areas to ensure the continuity of our business and sustainable growth. In this regard, we continuously perform feasibility studies and assess market demand in our efforts to acquire land banks at suitable sites to ensure adequate long-term land bank supply.

In respect of project launches, the Group has several projects planned in the pipeline aimed to cater to affordable and mid-market segments. In this regard, the Group will continue to monitor the market demand and conditions closely to ensure the launches are done in a timely manner in line with the recovery of the property market. In the meantime, the Group will continue to increase its efforts to convert unsold inventories and ongoing projects into sales.

Further information on our financial performance can be found in:

- Management Discussion and Analysis : Pages 12 to 14
- Audited Financial Statements : Pages 50 to 134

Sustainable Procurement and Supply Chain Management

As we strive to become a sustainable property developer, we manage our supply chain across the entire life cycle of the project from its initiation and development stages to subsequent construction and operation stages. Sustainable procurement and supply chain management are key to the Group's economic performance and competitiveness. Hence, designing sustainability into our procurement and supply chain enables us to manage risks of business disruption and rising costs.

Our projects' main contractors are selected by our Contract Department ("CD") via tender and/or selection process. The CD has a formalised standard operating procedure ("SOP") in place for tender and/or selection processes and priorities for local businesses.

To ensure the provision of quality products and services, we evaluate, monitor and assess the service quality of suppliers based on their work progress. In line with this approach, we have established a set of criteria to assure the robust selection of reliable contractors, suppliers and consultants as well as formulated an SOP to effectively manage our supply chain.

SUSTAINABILITY STATEMENT (Cont'd)

1. Economic (Cont'd)

Sustainable Procurement and Supply Chain Management (Cont'd)

The Group is committed to promoting business opportunities and building the capacity of local contractors, suppliers and consultants across operations and throughout the supply chain. The Group ensures that they abide by the relevant regulations established by the Department of Environment as well as the Department of Occupational Safety and Health.

In FY2022, 100% of contractors, suppliers and consultants engaged by our Group were sourced from local businesses that adhere to the Group's product quality expectations, cost-effectiveness and business ethics standards. We also recognise that engaging with local suppliers and supporting local businesses are fundamental to creating economic value and growth for the Malaysian economy.

Corporate Governance and Business Ethics

The Group prioritise transparency and integrity throughout the business operation. The Group is committed to the principles and best practices of corporate governance to ensure that standards of corporate governance are being observed throughout the Group with the ultimate objective of enhancing long-term shareholders' value and returns to our stakeholders.

A Code of Conduct and Ethics has been established to identify and emphasise the areas of ethical risk and it also provides an ethical framework to guide the actions and behaviours of all our Directors and employees.

In addition, the Group has in place various policies that establish the rules of conduct and governance within the organisation can be found at the Company's website, www.ygcorp.com.my:

- a. Board Charter;
- b. Terms of Reference of the Board Committees;
- c. Code of Conduct and Ethics;
- d. Investor Relations Disclosure Policy;
- e. Remuneration Policy;
- f. Grievance Procedure;
- g. Whistle Blowing Policy; and
- h. Anti-Bribery and Corruption Policy.

2. ENVIRONMENTAL

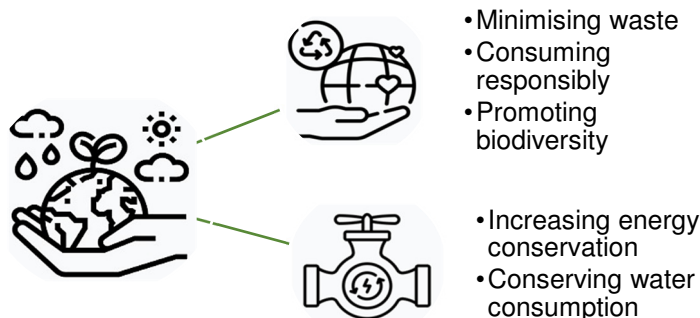
We understand that our business value chain contributed to the environmental footprint through the consumption of energy, water and generation of waste. We aim to strike a balance between development and conservation. Through our pollution and waste management as well as energy and water conservation efforts we are committed to reducing the environmental impact of our business and operations.

In the property development segment, there is a rising trend for eco-friendly development projects with sustainability as a key decision criterion. This includes homes and buildings designed with environmentally friendly features to prevent global warming as well as increased provisions for adequate green spaces that promote a healthier and more sustainable lifestyle. In this regard, we strive to incorporate more green initiatives in our projects to reflect our commitment towards promoting sustainability.

SUSTAINABILITY STATEMENT (Cont'd)

2. ENVIRONMENTAL (Cont'd)

Going forward we will continue to monitor our impact on the environment and evaluate our operations to identify new opportunities where we can incorporate practical sustainability initiatives and enhance our performance in environmental conservation.



Pollution and Waste Management

Apart from the Reduce, Reuse and Recycle that we have been implementing, in FY2022, we initiated Repair and Refuse across project sites and offices, inculcating environmental awareness among our employees on approaches to promote conversation.

In our corporate office, we continue to encourage our employees to think before printing to reduce paper usage as well as practice the good culture of recycling waste materials. Waste papers, newspapers, boxes and other recyclable materials were packed separately in the waste bin for collection. Employees are also encouraged to reuse envelopes, papers and boxes, as well as double-sided printing as much as possible. Other simple green habit practices are encouraged such as the usage of electronic softcopies to reduce paper usage, going digital for meetings and presentations, switching off lights during lunchtime and after hours as well as reducing the use of plastic items for lunch takeaways. These actions are a good starting point to inculcate environmentally friendly values among employees and collectively make a substantial impact in waste reduction and energy conservation. Moving forward, the Group will seek more ways to curb its paper usage as it systematically digitalises more facets of its organisation to enhance workflow and productivity.

Being a responsible developer, we continue to encourage our contractors to dispose of all the scheduled wastes and non-hazardous solid wastes generated to the approved disposal facilities and regulated landfills respectively.

In relation to our projects, the Group:

- ✓ Complies with all relevant laws, in particular the Environmental Quality Act 1974 and the Environmental Impact Assessment ("EIA") Report, if required. The EIA Report includes pollution, control and discharge of effluent and satisfy the noise, visual impact, aerial pollution and vibration parameters required in respect of our projects;
- ✓ Ensures the incorporation of appropriate mitigative, rehabilitative, restoration and enhancement measures in its planning, design and implementation works;
- ✓ Gives due consideration to the preservation and social implications of water, noise and air quality, soil, flora and fauna within the site of our project land; and
- ✓ Ensures that our project land is appropriately landscaped to enhance visual amenity.

SUSTAINABILITY STATEMENT (Cont'd)

2. ENVIRONMENTAL (Cont'd)

Pollution and Waste Management (Cont'd)

We are pleased to highlight that there was no fine or penalty imposed by the relevant authority in FY2022.

Energy and Water

Energy Conservation

The use of a significant amount of energy can create a negative environmental impact in the form of greenhouse gas emissions, whether directly or indirectly, which contribute to global warming. As the climate crisis continues to take its toll, we recognise the need to be responsible for the way we consume energy. Monitoring electricity and fuel consumption enables us to understand and take necessary steps to conserve energy in areas where it can be conserved.

Our focus area was on energy saving in which power saving features or sleep mode were enabled on computers, photocopiers and other equipment and switching off lights and appliances when not in use which helped to reduce electricity consumption.

Electricity consumption in FY2022 was 29,730 kWh as compared with 19,082 kWh in FY2021, representing an increase of 10,648 kWh. The increase was mainly due to the corporate office operation normalisation in 2022 as compared to the shutdown of the corporate office during Movement Control Order periods in 2021.

3. SOCIAL

Products and Services Responsibility

Maintaining and improving the quality of products and services is an essential aspect that contributes to an organisation's business success. As such, we ensure that the needs of our customers are met so that our property sales continue to grow.

Products

As a developer, the Group recognises that quality and on-time delivery of its property products are vital for the sustainable growth of the Group and continuously seeks to improve its business approaches and processes in this area.

The construction quality of the appointed Main Contractors for each of our projects is closely monitored. The Group has appointed an in-house Quality Assurance/Quality Control team to carry out quality inspection during construction and issuance of non-conformance reports as and when necessary. Our appointed project consultants will also conduct periodic site visits/inspections.

Services

We maintain close relationships with our customers through social media platforms where we post our latest launched projects, promotion packages and upcoming events in our sales galleries. In ensuring our customers' satisfaction towards our products and services we also work closely with customers to obtain feedback. Any inquiries from customers shall be dealt with promptly.

SUSTAINABILITY STATEMENT (Cont'd)

3. SOCIAL (Cont'd)

Products and Services Responsibility (Cont'd)

Responsible Marketing

The Group is committed to delivering a good quality of products and services to our customers and conducting responsible customer engagement and communication to gauge their concerns and expectations with regard to our products and services to meet their needs.

We regularly review and update our marketing materials and various social media platforms to ensure that the information and promotions presented are correct and up to date.

We constantly update, support and assist our sales agents so that our customers will have confidence in our products and transactions can be seamlessly concluded. We expect our sales agents to market our products responsibly and ensure that information is properly presented to our house buyers.

During FY2022, the support/engagement provided to our sales agent includes (but is not limited) to the following:

- a) Regular briefings to share project information and receive feedback from sales agents;
- b) Providing digital brochures for sales agents to do marketing;
- c) Providing project models and 3D visual show units for sales agents to do marketing; and
- d) Tier-commission structure to incentivise sales agents.

In FY2022, the Group did not receive any significant complaints from any of our sales agents.

Human Capital

We believe in our collective workforce to drive sustainability in the business. As such, the Group continued to practice sustainable human resource management whereby we recognise and reward performance and support our people in achieving their professional development goals by continuously investing in their career development. We also advocate workforce diversity, equality and inclusivity.

Diversity and Equal Opportunity

The Group adopts a meritocracy policy where all employees are rewarded based on an annual performance review. Such performance-based reward system provides motivation to the employees to strive for excellence and put the Group's interest as a top priority.

The Group does not set specific numerical targets for diversity on gender, race and age in its workforce but we will continuously enhance workplace diversity at all levels. When recruiting for new positions, we look for the most suitable candidate based on competence and experience. This is vital due to the technical nature of the work tasks involved.

In general, the corporate office has an almost equal gender whereas project sites are mainly male-dominated. We take pride that our entire workforce comprises 100% locals or Malaysians as we believe that by employing locals, we play a role in enhancing the economic status of our community.

As at 31 December 2022, our group workforce is 42 employees.

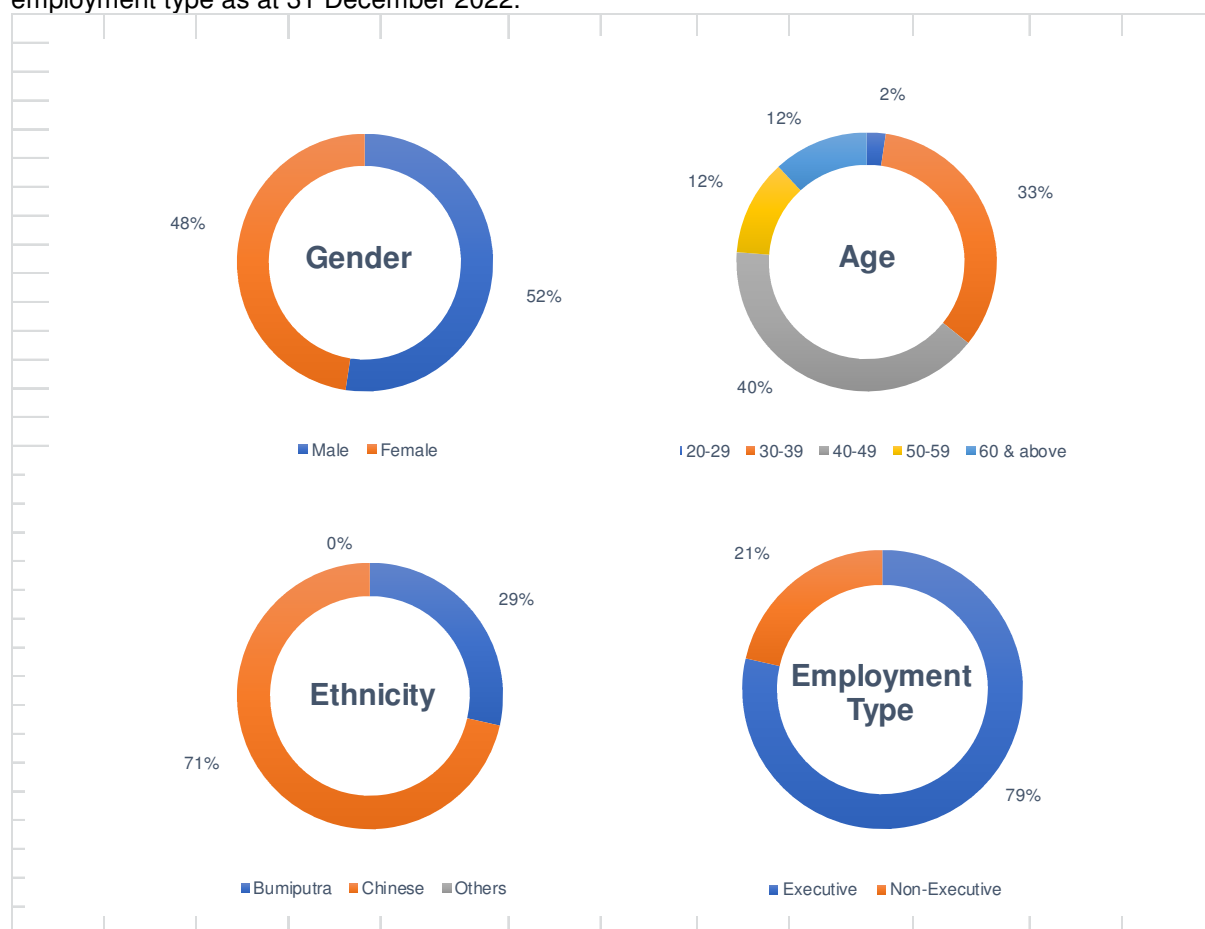
SUSTAINABILITY STATEMENT (Cont'd)

3. SOCIAL (Cont'd)

Human Capital (Cont'd)

Diversity and Equal Opportunity (Cont'd)

The following charts show our employee demographics by gender, ethnicity, age as well as employment type as at 31 December 2022.



Talent Management

We practice a forward-looking appraisal system whereby our employees receive constant feedback and guidance on their progress throughout the year so that they remain challenged, are able to visualise a career path and continuously learn and upgrade their skill set. The annual review conducted at the end of the year is used to set the target for the following year. As feedback is conducted more frequently, it fits our employees who want real-time feedback for self-improvement. Our employees find such appraisal more dynamic and fulfilling as they are kept constantly on their toes.

SUSTAINABILITY STATEMENT (Cont'd)

3. SOCIAL (Cont'd)

Human Capital (Cont'd)

Talent Management (Cont'd)

The progressive development of our employees is the key to the Group's continued success. We believe in mentoring to support, nurture and groom our employees in their career development and target to invest in learning and development programmes to equip them with the right skill set and capabilities to build and empower a future-ready workforce. We believe by investing in our employees' skills, the Group will be able to be more adaptive and resourceful in today's digital age with our employees being the fuel to the change. In addition, developing our employee's interpersonal skills and communication skills will improve our customers' experience.

Employee Engagement

During the FY2022, our Human Resource Department introduced various external training and development programmes to assist our employees to upskill themselves by keeping abreast of current development and staying agile.

To keep our business sustainable, we instil the highest possible ethical standards in our employees and all of our practices as reflected in the Code of Conduct and Ethics and Whistle Blowing Policy to create a corporate culture of professionalism and ethical mannerism. This in turn provides confidence to our stakeholders when conducting any dealings with the Group. In FY2022, the Group did not report any non-compliance issue.

In FY2022, the Group organised a wide range of engagement activities among our employees through the Group's Sports Club with an objective to enhance the interaction among employees.

TRIAL RUN



DURIAN FEST



SUSTAINABILITY STATEMENT (Cont'd)

3. SOCIAL (Cont'd)

Human Capital (Cont'd)

Employee Engagement (Cont'd)

In November 2022, the Group collaborated with Kechara Soup Kitchen in promoting the importance of kindness and supporting the communities in need.

The volunteering teams, consisting of two (2) Directors and twenty-two (22) employees took part in delivering the food supplies to fifteen (15) underprivileged families in Klang Valley, who are struggling to meet basic food needs.



GROUP PHOTO AT KECHARA WAREHOUSE



FOOD SUPPLIES DELIVERY

With our endeavour in embedding environment consciousness among the employees, in December 2022, the Group organised a conference in collaboration with the Tzu-Chi Foundation Malaysia. All employees in the corporate office attended the conference to further enhance their understanding of issues relating to the environmental and sustainability.



GROUP PHOTO WITH TZU CHI MEMBERS

SUSTAINABILITY STATEMENT (Cont'd)

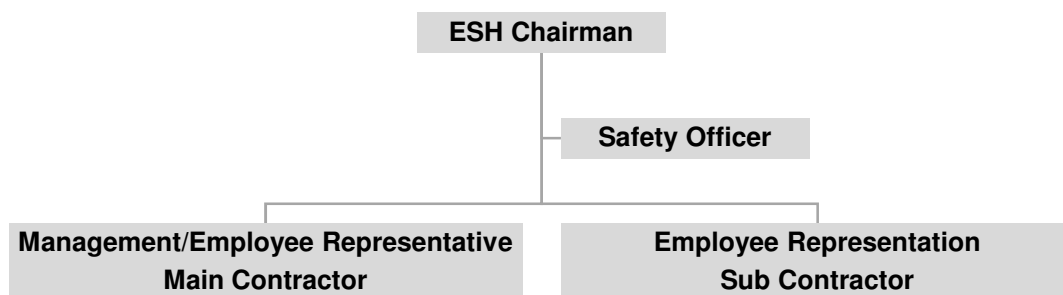
3. SOCIAL (Cont'd)

Safety and health

The Group recognise the importance of being resilient in facing the challenges of occupational safety and health as part of the keys in our sustainability framework. The Group have adopted stringent safety and health SOPs at our construction sites to safeguard the well-being, safety and health of our employees, contractors and the public at large.

The Group ensures that various safety and health measures and controls are in place so that our business operations can operate safely. All levels of our workforce, business partners, suppliers, and sub-contractors are expected to implement necessary safety and health measures to minimise risk at our workplace.

The Group incorporates safety, health and environmental aspects into its procurement processes. Our contractors have to comply with our site and safety requirements as well as the Department of Occupational Safety and Health's requirements regarding environmental safety and health failing which offence penalty can be imposed on the main contractor throughout the contract period with us. The Environmental, Safety and Health ("ESH") Committee chart for our projects are as follows:



To promote safety and health, and compliance with relevant authorities, the Group maintains insurance policies for its projects throughout the construction period as well as during the defects liability period as follows:

- a) a contractors' all-risk policy against loss or damage to its projects from fire, flood, storm, tempest, lightning, explosion, aircraft or anything dropped therefrom, aerial objects bursting, overflowing water tanks, apparatus or pipes, earthquake, riot, civil commotion and etc.
- b) a policy against any liability including the third party for each incident (the number of incidents is unlimited) that may arise in projects.

Site briefings on safety and health are conducted weekly to ensure the site staff and contractors are fully aware of their responsibilities in preventing any accidents.

There was no material incident recorded on work-related injuries or fatalities at the site during FY2022.

SUSTAINABILITY STATEMENT (Cont'd)

MOVING FORWARD

The Group recognises that embedding sustainability into the business is a continuous and evolving practice in which the Group will strive to enhance and achieve the Group's long-term sustainable growth and make the Group's brand synonymous with strength, reliability and value creation.

Moving forward, the Group is committed to improving the way we operate in the property development sector by further building up on our current initiatives to become more sustainable in the future.

This Sustainability Statement was approved by the Board on 6 April 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Y&G Corporation Bhd. ("**Y&G**" or "**the Company**") presents this Corporate Governance ("**CG**") Overview Statement ("**CG Statement**") to provide shareholders and investors with an overview of the CG practices of the Company under the leadership of the Board during the financial year ended 31 December 2022 ("**FY2022**"). This overview takes guidance from the key CG principles as set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG**").

This CG Statement is prepared in compliance with Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and it is to be read together with the CG Report 2022 of the Company ("**CG Report**") which is available at the Company's website, www.ygcorp.com.my.

The CG Report provides the details on how the Company has applied the principles laid down in the MCCG during FY2022.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

A1. Board's Responsibilities

The Board collectively leads and is responsible for the long-term success of the Company and its subsidiary ("**Group**") and the delivery of sustainable value to its shareholders and stakeholders, including practising a high level of good governance. All Board members are expected to show good stewardship and act in a professional manner as well as to uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board leads and directs the Group towards promoting long-term growth and delivering short-term objectives via its strategic planning and directions with effective leadership.

In fostering a strong CG culture in the Group, the Board has formalised and adopted the following policies which the public could refer to on the Company's website:

- a. Board Charter;
- b. Terms of Reference of the Board Committees;
- c. Directors' Fit and Proper Policy;
- d. Code of Conduct and Ethics;
- e. Investor Relations Disclosure Policy;
- f. Remuneration Policy;
- g. Grievance Procedure;
- h. Whistle Blowing Policy; and
- i. Anti-Bribery and Corruption Policy.

The Board has established three (3) Board Committees namely, Audit and Risk Committee ("**ARC**"), Nomination Committee ("**NC**") and Remuneration Committee ("**RC**") to assist in its oversight function on specific responsibility areas; the details of which are set out in the Board Charter and this Annual Report. Each Committee operates in accordance with respective terms of references and report to the Board with their recommendations. The ultimate responsibility for decision on all important matters, however, lies entirely with the Board.

The Board delegates specific powers to the Board Committees, Group Independent Non-Executive Chairman, Managing Director ("**MD**"), Deputy Managing Director ("**Deputy MD**") and Executive Director ("**ED**"). The day-to-day management of subsidiaries is headed by the Senior Management team and under the leadership of the MD, Deputy MD and ED.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A1. Board's Responsibilities (Cont'd)

The Board is assisted by an experienced, competent and knowledgeable Company Secretary who give clear and sound advice on regulatory and governance matters to the Board. The Company Secretary also ensures timely and appropriate information flow within the Board

Group Governance Framework

The governance framework of the Group is illustrated below:



Board of Directors' Meetings ("Board Meetings")

The Board met every quarter during the FY2022 to deliberate and approve, amongst others the development of various on-going and future projects, unaudited quarterly results, audited financial statements, regulatory updates, corporate governance and compliance. All proceedings of the Board Meetings were minuted, presented in the next meeting for confirmation and signed by the Chairman of the Meeting. At the Board Meetings, the Management presented papers pertaining to each issue raised for discussion or as supplementary information, and consultants (including the Internal Auditor) were invited to provide further insight and/or share advice and opinions on matters pertaining to governance, internal controls and risk management. The Chairman constantly promotes constructive, healthy debate and the Directors are given the chance to freely express their views.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A1. Board's Responsibilities (Cont'd)

Board of Directors' Meetings ("Board Meetings") (Cont'd)

To facilitate the Directors' time planning, a planned annual meeting calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board, Board Committees and the annual general meeting. The Directors and Principal Officer are also constantly advised with the closed periods for dealings in securities based on the targeted dates of announcement of the Group's quarterly results and annual financial results.

During FY2022, the Board met five (5) times and the attendance record for each Director at the meetings of the Board and Board Committees are tabulated below:

Board of Directors	Meeting Attendance
Mr. Lee Boon Hong @ Lee Boon Keong <i>Independent Non-Executive Chairman</i>	5/5 meetings
Dato' Sri Yap Seng Yew <i>Managing Director</i>	5/5 meetings
Datin Sri Gan Li Li <i>Deputy Managing Director</i>	5/5 meetings
Dato' Yap Jun Jien <i>Executive Director</i>	5/5 meetings
Encik Mohd Shafizan Bin Shahbudin <i>Independent Non-Executive Director</i>	5/5 meetings
Mr. Tan Kak Teck <i>Independent Non-Executive Director</i>	5/5 meetings

Audit and Risk Committee		Nomination Committee		Remuneration Committee	
<u>Chairman</u>		<u>Chairman</u>		<u>Chairman</u>	
Mr. Tan Kak Teck	5/5	Encik Mohd Shafizan Bin Shahbudin	1/1	Dato' Yap Jun Jien	1/1
<u>Member</u>		<u>Member</u>		<u>Member</u>	
Mr. Lee Boon Hong @ Lee Boon Keong	5/5	Mr. Lee Boon Hong @ Lee Boon Keong	1/1	Mr. Lee Boon Hong @ Lee Boon Keong	1/1
Encik Mohd Shafizan Bin Shahbudin	5/5	Mr. Tan Kak Teck	1/1	Encik Mohd Shafizan Bin Shahbudin	1/1

As part of the annual assessment on Directors, the Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities and this was demonstrated by their above attendance record.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A1. Board's Responsibilities (Cont'd)

Directors' Training

The Directors are encouraged to evaluate their own training needs on a continuous basis and undergo other relevant training programmes/seminars/webinars to further enhance their knowledge and expertise.

The Directors acknowledges that continuous education is vital for the Board members to gain insight into the state of the economy, technological advances, regulatory updates and management strategies to equip themselves with the necessary skills and knowledge to effectively discharge their duties.

During FY2022, all the Directors continuously received briefings and updates on the new regulations and statutory requirements, particularly on the changes or amendments made to the MMLR, application and adoption of best practices as recommended under the MCCG, circulars/directives/guidelines/consultation papers issued by Bursa Securities, Securities Commission Malaysia and Companies Commission of Malaysia respectively.

The training programmes/seminars/webinars attended by Directors during FY2022 are as follows:

Name of Directors	Training Programmes/Seminars/Webinars
Mr. Lee Boon Hong @ Lee Boon Keong	<ul style="list-style-type: none"> • YYC Webinar – Make The Best Use Of The Budget 2022 • Webinar – Cooperative Tax Compliance : A Tax Audit Journey
Dato' Sri Yap Seng Yew	<ul style="list-style-type: none"> • Webinar – Leadership In Action
Datin Sri Gan Li Li	<ul style="list-style-type: none"> • Thannees Tax Consultancy Services Virtual Tax Conference 2022 • Webinar – Circular Economy Conference 2022
Dato' Yap Jun Jien	<ul style="list-style-type: none"> • Webinar – Financial Statement Analysis
Encik Mohd Shafizan Bin Shahbudin	<ul style="list-style-type: none"> • Webinar on Directors' Duties and Climate Change
Mr. Tan Kak Teck	<ul style="list-style-type: none"> • MIA Webinar – International Standard on Quality Management (ISQM) Masterclass • ESG Awareness Training

A2. Board's Composition

During FY2022, the Group is led and managed by an experienced Board comprising six (6) members with a wide range of business, legal, accounting, property development, architectural and civil engineering background necessary for the effective stewardship of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

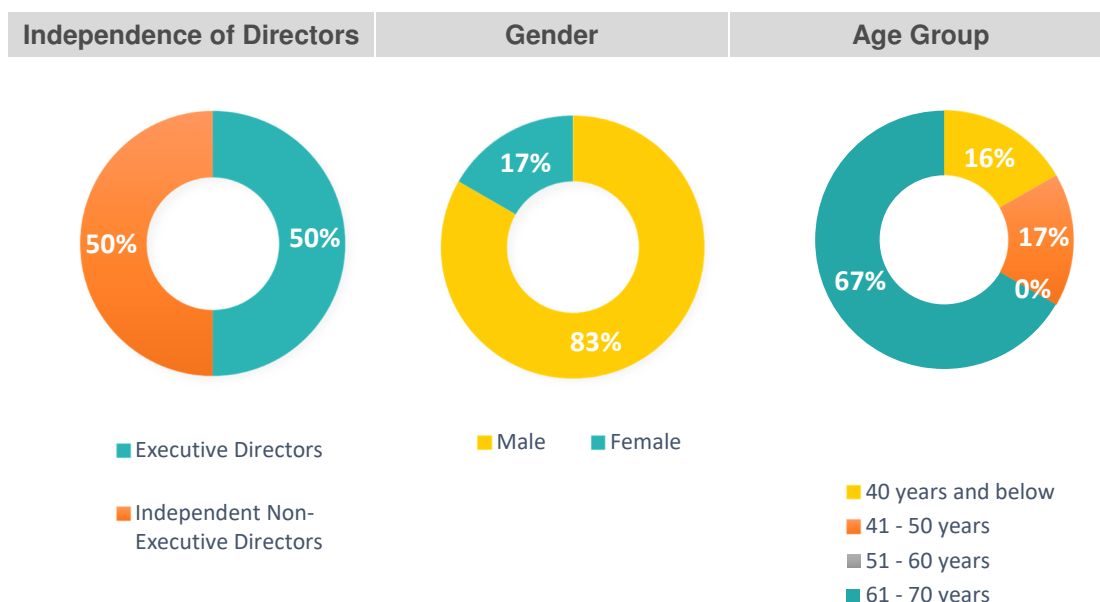
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A2. Board's Composition (Cont'd)

The Board is supported by three (3) Board Committees, i.e. ARC, NC and RC. The list of the members is shown in the Corporate Information on page 9 of this Annual Report.

The Board composition has a balance of Executive and Non-Executive Directors as well as Independent Directors and is adopting most of the best practices of the MCCG and fulfils Paragraph 15.02(1) of the MMLR. As part of the process of ensuring a balance board as prescribed in the Board Charter and fulfilling the needs of the Group, the Independent Non-Executive Directors are persons with accounting, legal and architectural background. The profile of the Board members is provided on pages 10 and 11 of this Annual Report.

A detailed view of the Board composition is illustrated below:



Chairman and Managing Director

Mr. Lee Boon Hong @ Lee Boon Keong is the Independent Non-Executive Chairman while, Dato' Sri Yap Seng Yew is the MD of the Company. The role of the Chairman and the MD are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Independent Non-Executive Chairman provides leadership to the Board and the Group and ensures that the Board functions effectively, and is entrusted with the task of managing the interface between the Board and the Management.

The MD on the other hand, leads the Management of the Group, and oversees and monitors the business and operations of the Group.

The separate distinct functions and responsibilities between the Chairman and the MD have been set out in the Board Charter which is available on the Company's website at www.ygcorp.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A2. Board's Composition (Cont'd)

Independence of Directors

The Board is mindful of the prescribed practice of the MCCG pertaining to Board independence. The Board recognises that tenure of directorship is not an absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude should also be considered.

The NC takes cognisance of Practice 5.3 of MCCG that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.

During FY2022, the Board through its NC conducted an assessment of the independence of all its Independent Non-Executive Directors and was satisfied that the Independent Non-Executive Directors have fulfilled the criteria under the definition of Independent Director as stated in the MMLR and are able to provide objective and independent judgment in deliberation of the Board's agenda. Based on the Board's assessment, the Board had recommended the retentions of Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Non-Executive Directors which were approved by the shareholders via two-tier voting process at the Fifty-Sixth Annual General Meeting ("AGM") ("56th AGM") held on 31 May 2022.

The NC's and Board's justifications to retain Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan bin Shahbudin are premised on the following:

- a) They continue to fulfill the criteria and definition of Independent Director as set out under Paragraph 1.01 of the MMLR;
- b) During their tenure in office, they have not developed, established or maintained any significant personal or social relationship whether direct or indirect with the ED, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent and expected of them to carry out their respective duties;
- c) During their tenure in office, they have never transacted or entered into any transactions with, nor provided any services to the Group, the ED, major shareholders or Management of the Company (including their family members) within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of the MMLR;
- d) During their tenure in office, they have not been offered or granted any options by the Company. Other than directors' allowances paid which have been the norms and been duly disclosed in the annual reports, no other incentives or benefits of whatsoever nature have been paid to them by the Company;
- e) During their tenure in office, they have demonstrated consistently their integrity, commitment and contributed effectively to the Board's decision-making process; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A2. Board's Composition (Cont'd)

Independence of Directors (Cont'd)

- f) During their tenure in office, they have gained significant and detailed understanding and insights into the business operations, and industry sectors in which the Group operates in. This includes an understanding of the peculiarities, strengths and weaknesses of the industry sectors, thereby enabling them to offer a different perspective during the decision-making process which a fresh appointee or a director holding office for a short length of time would not be able to offer.

Nomination Committee

The NC comprises three (3) members, all of whom are Independent Non-Executive Directors, as follows:

- Encik Mohd Shafizan Bin Shahbudin (*Chairman*)
- Mr. Lee Boon Hong @ Lee Boon Keong
- Mr. Tan Kak Teck

The NC is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. As an enhancement to its current process, the NC may also consider procuring suitable candidates from independent sources, when required. The NC annually reviews and assesses the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committee's Terms of Reference.

During FY2022, the activities carried out by the NC were as follows:

- Carried out an assessment and rating of the performance of the Board, Board Committees and individual Directors against the criteria as set out in the evaluation forms such as ability to critically challenge and ask the right questions, fit and properness, calibre and personality, contribution and performance, competency and capability, commitment to serve the Company, due diligence and integrity;
- Assessed and evaluated the independence of all Independent Non-Executive Directors;
- Reviewed and recommended the retention of Mr. Lee Boon Hong @ Lee Boon Keong and Encik Mohd Shafizan Bin Shahbudin as Independent Non-Executive Directors; and
- Reviewed and recommended the re-election of Directors pursuant to the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 56th AGM, the Board through its NC had assessed the retiring Directors, and considered the following:

- (i) The Directors' performance and contribution;
- (ii) The Directors' skills, experience and strength in qualities; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A2. Board's Composition (Cont'd)

Nomination Committee (Cont'd)

- (iii) The level of independence demonstrated by the Independent Non-Executive Director, and his ability to act in the best interest of the Company in decision-making.

Each Director is provided with the assessment forms for their completion prior to the meeting. The results of all assessments and comments by the Directors are summarised and deliberated at the NC meeting and thereafter, the NC Chairman will report the assessment results to the Board for deliberation. The Board will make final decision as to whether a Director is recommended for re-election as Director or retention as Independent Non-Executive Director at the next AGM.

In assessing and recommending to the Board suitable candidature of Directors, the NC shall have regard to:

- a) size, age, composition, mix of skills, independence, diversity (including gender diversity), experience, competencies, cultural background and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board and Group;
- b) the appropriate number of Independent Directors to fairly reflect the interests of minority shareholders to ensure a balance of power and authority on the Board; and
- c) the calibre, credibility, fit and properness, and necessary skills and experience of the candidate to bring an independent judgement on issues to be considered by the Board.

The Board has not set a gender diversity target but it is moving towards a more gender equality. The Board will focus on getting the participation of women and those of different ethnicity on its Board and within Senior Management and the person selected must be able to contribute positively to the development of the Group.

Remuneration Committee

The RC comprises three (3) members, the majority of whom are Independent Non-Executive Directors, as follows:

- Dato' Yap Jun Jien (*Chairman*)
- Mr. Lee Boon Hong @ Lee Boon Keong
- Encik Mohd Shafizan Bin Shahbudin

The RC's main responsibility is to review and recommend to the Board all the Directors' and Senior Management's remuneration packages which are commensurate with their level of responsibilities and individual performance.

The Board has adopted the principle recommended in the MCCG whereby the level of remuneration of the Directors is sufficient to attract and retain the right calibre Directors and Senior Management for the successful performance of the Group. The Company has established a policy and procedure on the remuneration structure of its MD, Deputy MD and ED and also that of the Non-Executive Directors. Due to the sensitive nature of the information, it shall only be disclosed to those with legal authority.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

A2. Board's Composition (Cont'd)

Remuneration Committee (Cont'd)

The remunerations of the MD, Deputy MD and ED comprise fees, salaries, bonuses, allowances, Employees Provident Fund and Social Security Contribution which are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration shall reflect the level of responsibilities undertaken by the particular Non-Executive Director concerned.

The aggregate Directors' remuneration paid or payable to all Directors of the Company by the Group for the FY2022 are as follows:

NAME OF DIRECTORS	COMPANY				SUBSIDIARIES				GROUP
	Fees RM'000	Salary ¹ RM'000	Others ² RM'000	Total RM'000	Fees RM'000	Salary ¹ RM'000	Others ² RM'000	Total RM'000	
MD, Deputy MD and ED									
Dato' Sri Yap Seng Yew	105	180	23	308	-	390	47	437	745
Datin Sri Gan Li Li	105	180	23	308	-	330	40	370	678
Dato' Yap Jun Jien	-	90	13	103	110	300	36	446	549
Total MD, Deputy MD and ED's Remuneration	210	450	59	719	110	1,020	123	1,253	1,972
Non-Executive Directors:									
Lee Boon Hong @ Lee Boon Keong	-	-	36	36	-	-	-	-	36
Mohd Shafizan Bin Shahbudin	-	-	24	24	-	-	-	-	24
Tan Kak Teck	-	-	30	30	-	-	-	-	30
Total Non-Executive Directors' Remuneration	-	-	90	90	-	-	-	-	90
Total Directors' Remuneration	210	450	149	809	110	1,020	123	1,253	2,062

1. Salary – Comprises salaries and bonuses

2. Others – Comprises emoluments and benefits such as allowances, EPF, SOCSO and HRDF.

Given below is the number of Directors of the Company whose total remuneration during the FY2022 fall within the following bands:

Band (RM)	Number of Directors		Total
	Executive	Non-Executive	
Below RM50,000	-	3	3
RM50,001 to RM100,000	-	-	-
RM100,001 to RM200,000	-	-	-
RM200,001 to RM400,000	-	-	-
RM400,001 to RM600,000	1	-	1
RM600,001 to RM800,000	2	-	2

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

B1. Audit and Risk Committee

The ARC comprises three (3) members, all of whom are Independent Non-Executive Directors and its Chairman is not the Chairman of the Board, as follows:

- Mr. Tan Kak Teck (*Chairman*)
- Mr. Lee Boon Hong @ Lee Boon Keong
- Encik Mohd Shafizan Bin Shahbudin

The Board established the ARC to provide independent oversight on both internal and external audit functions, financial reporting, risk management and internal control systems of the Company including reviewing the integrity of financial reporting and overseeing the independence of the Internal Auditors and External Auditors. The Terms of Reference of the ARC is available at the Company's website at www.ygcorp.com.my.

The ARC sat five (5) times during the year and discussed, amongst others, the draft audited financial statements, unaudited quarterly results, annual report, risk management report and the internal audit report. The ARC also evaluated the External Auditors and Internal Auditors, in terms of their independence, suitability, objectivity, competency, skill set, resources, and time commitment. Private meeting with the External Auditors was also held. No material matters of concern were reported by the External Auditors.

The details of the key activities carried out by the ARC during FY2022 are set out in the ARC Report of this Annual Report.

B2. Risk Management and Internal Control Framework

The Board acknowledges the importance of risk management and internal control systems as an integral part of effective management practice and strive to safeguard shareholders' investment and the Group's assets. The ARC ensures that principal risks in the Group are identified, assessed and mitigated with the appropriate internal control system.

The Risk Management Working Group ("**RMWG**") consisting mainly of all the Departmental Heads of the Group, was formed to assist the ARC to oversee the risk management system, practices and processes. The RMWG is assigned with the responsibility of continuously monitoring and managing the risks of the Group through risk identification, assessment and control.

The risk management review is performed on yearly basis to assess and manage the risks faced by the Group. The review is carried out to address major risk areas of concern, if any, from the perspectives of environment, regulatory and legal governance and operational controls, financial, customers, products and services, consultants, contractors, human capital and sustainability risks.

The Group has outsourced the services of internal audit to an independent professional service provider ("**Outsourced IA**") which reports directly to the ARC. Further details of the activities of the internal audit function carried out by the Outsourced IA during FY2022 are set out in the ARC Report on pages 43 of this Annual Report.

The risk management framework and internal control system are disclosed under the Statement on Risk Management and Internal Control on pages 44 to 47 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

C1. Communication with Stakeholders

The Board acknowledges the importance of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and operations via distribution of annual reports and relevant circulars, and release of quarterly financial results, press releases and announcements.

The Company has in place policies and procedures on the roles and responsibilities of Directors, Management and employees together with the levels of authority with regard to corporate disclosures requirements. The Company recognizes the need to adopt a high standard for the disclosures of relevant and material information on the development of the Group. In addition, the Company also emphasizes on the need of timely disclosures of information to shareholders as it acknowledges the importance of keeping shareholders and investment communities informed of Company's business and corporate developments to enable them to make informed judgement in valuing the Company's shares. Such information is disseminated via the Company's Annual Reports, quarterly financial results and the various announcements made from time to time to Bursa Securities which are accessible via Bursa Securities' website at www.bursamalaysia.com. The Group also maintains a website at www.ygcorp.com.my that allows all shareholders and investors to access information about the Group.

The Company has provided a communication channel on its website whereby enquiries and feedback may be posed to the Company's Management.

C2. Conduct of General Meetings

The Board also acknowledges that general meetings are important avenues in engaging with shareholders.

The annual general meeting of the Company represents the principal forum for dialogue with shareholders where they may seek clarification on the Company's business. Shareholders are encouraged to participate in the questions and answers session and the Board will respond to any questions raised during the meeting to the best of its ability and knowledge.

In order to encourage shareholders' participation at the annual general meeting, the Company sends out the notice of annual general meeting at least 28 clear days before the meeting to allow sufficient time for shareholders to make arrangements to attend either in person, by corporate representative, proxy or attorney.

The 56th AGM of the Company was held and conducted on a virtual basis through live streaming and online remote voting using remote participation and voting facilities on 31 May 2022. All resolutions set out in the Notice of 56th AGM were put to vote by poll via electronic voting and an independent scrutineer was appointed to validate the poll results. All Directors, Management and External Auditors were present at the 56th AGM to respond to the shareholders' and proxies' questions. There were no questions raised by the shareholders and proxies during the 56th AGM.

This CG Statement was approved by the Board on 6 April 2023.

AUDIT AND RISK COMMITTEE REPORT

The objectives of the Audit and Risk Committee (“**ARC**”) are to relieve the Board of Directors (“**Board**”) from detailed involvement in the review of the results of internal and external audit activities and to ensure that audit findings are brought up to the highest level for consideration, on matters pertaining to accounting policies, the external audit reporting, risk management and the internal audit function.

A. Authorities, Duties and Responsibilities

The authorities, duties and responsibilities of the ARC are set out in the Terms of Reference of ARC which is included in the Board Charter.

B. Composition

The ARC consists of three (3) members, all of whom are Independent Non-Executive Directors as follows:

- Mr. Tan Kak Teck (*Chairman, Independent Non-Executive Director*)
- Mr. Lee Boon Hong @ Lee Boon Keong (*Member, Independent Non-Executive Chairman*)
- Encik Mohd Shafizan Bin Shahbudin (*Member, Independent Non-Executive Director*)

The Chairman of the ARC, Mr. Tan Kak Teck, meets the requirement of Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements (“**MMLR**”) as he is a Chartered Accountant and a member of the Malaysian Institute of Accountants. Further, all other members have been long-standing members of the Board and have working familiarity with finance and accounting practices.

C. Meetings and Minutes

The ARC will meet at least four (4) times a year with additional meetings to be held, if necessary. If need arises, meetings will be attended by the Management, Internal and/or External Auditors.

During the financial year ended 31 December 2022 (“**FY2022**”), the ARC held five (5) meetings and the records of attendance of each ARC member are as follows:

Name of ARC Member	Total number of meetings attended
Mr. Tan Kak Teck	5/5
Mr. Lee Boon Hong @ Lee Boon Keong	5/5
Encik Mohd Shafizan Bin Shahbudin	5/5

The ARC also met the External Auditors in one (1) private session without the presence of Managing Director, Deputy Managing Director, Executive Director and Management to discuss audit related matters that the External Auditors wish to raise directly with the ARC during FY2022.

The ARC Meetings are pre-scheduled and are timed just before the Board of Directors’ Meetings. The agenda carries matters that need to be deliberated, reviewed or decided on and further reported to the Board. Notices and meeting papers are circulated to all members in due course before each meeting with sufficient preparation time given for deliberation on matters that tabled at the meetings.

Where necessary, the ARC will deliberate and vote on the written resolutions circulated to the ARC together with detailed explanation. Ample time will be given to all ARC members in order for them to make informed and constructive decisions.

AUDIT AND RISK COMMITTEE REPORT (Cont'd)

C. Meetings and Minutes (Cont'd)

The Company Secretary is the secretary of the ARC and is responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it, supported by explanatory documentation to the ARC members prior to each meeting. The Company Secretary is also responsible for keeping the minutes of meetings and circulating them to the ARC members for comment and confirmation. The signed minutes of meeting are also circulated to the Board for notation.

D. Summary of Activities of the ARC

The ARC carried out the following activities during FY2022:

- a) Reviewed the unaudited quarterly results announcements for each quarter of the Company and its subsidiaries (collectively referred to as “**Group**”) prior to the Board’s approval focusing particularly on:
 - the overall performance of the Group;
 - the prospects of the Group;
 - the changes in or implementation of major accounting policy changes; and
 - compliance with accounting standards and other legal requirements.
- b) Reviewed with the outsourced Internal Auditors (“**Outsourced IA**”), the internal audit plan to ensure the adequacy of the scope, functions and resources to carry their works;
- c) Reviewed internal audit reports and to monitor/follow-up on remedial actions with the Outsourced IA;
- d) Reviewed the audit planning memorandum, which lists out the audit programme undertaken by the External Auditors;
- e) Reviewed the results of annual audit and audit report, including the key audit matters raised by the External Auditors;
- f) Reviewed related party transactions within the Group and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- g) Reviewed the Corporate Governance Overview Statement, ARC Report, Additional Compliance Information, Statement on Risk Management and Internal Control and subsequently submitted the said documents to the Board for its consideration and approval for inclusion in the Annual Report for the financial year ended 31 December 2021;
- h) Reviewed the Corporate Governance Report for the financial year ended 31 December 2021 and recommended the same to the Board its consideration and approval;
- i) Undertook an annual assessment of the suitability, objectivity, independence and performance of the External Auditors before recommending their re-appointment to the Board, upon which shareholders’ approval was sought at the Fifty-Sixth Annual General Meeting held on 31 May 2022; and
- j) Assessed the suitability, objectivity, independence and performance of the Outsourced IA.

AUDIT AND RISK COMMITTEE REPORT (Cont'd)

E. Internal Audit Function

The Group has been outsourcing its internal audit functions to an Outsourced IA who acts independently with proficiency, due professional care and reports directly to the ARC. The cost incurred by the Group in relation to the Outsourced IA amounted RM24,000 for FY2022.

The principal roles of the Outsourced IA are:

- a) Maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets;
- b) Overseeing the conduct of the business to evaluate whether the business is being properly managed;
- c) Evaluating the system of internal control based upon the standard operational manual and put forward recommendations to the Management and ARC;
- d) Establishing an overview of the adequacy and effectiveness of system of internal control in order to provide reasonable assurance regarding the achievement of the objectives in the following areas:
 - Effectiveness and efficiency of operations;
 - Suitability, reliability and integrity of financial and other management information; and
 - Compliance with the established policies, procedures, applicable laws and regulations;
- e) Addressing issues or concerns as requested by the Management or ARC;
- f) Reviewing any new system of internal control implemented; and
- g) Following-up on actions taken in previous internal audit findings to determine if the issues and control deficiencies highlighted are subsequently rectified.

The Outsourced IA performed the following reviews during FY2022:

- Account Payable; and
- Anti-Bribery and Anti-Corruption.

No significant irregularity or deficiency in internal control mechanism was brought to the attention of the ARC by the Outsourced IA during FY2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**Board**") is pleased to present its Statement on Risk Management and Internal Control ("**Statement**") which outlines the nature and scope of the risk management and internal control of Y&G Corporation Bhd. and its subsidiaries (collectively referred to as "**Group**") for the financial year ended 31 December 2022 ("**FY2022**"). This Statement is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and as guided by the Bursa Securities' guidelines, Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

A. Board's Responsibility

The Board acknowledges the importance of sound system of internal controls and risk management in safeguarding the shareholders' investments and other stakeholders' interest. However, such system is designed to manage rather than eliminate the business risk totally in view of the inherent limitations in any system. As such, the system could provide reasonable but not absolute assurance against material misstatement, operational failures, fraud or loss.

The Group has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of objectives throughout the year under review.

B. Risk Management and Internal Control Process

The Board acknowledges that having a sound framework of risk management and internal control are fundamental to establishing good corporate governance. The Group's business activities and operations have been around for many years with continuous improvements made by the Management based on the recommendations by the External Auditors and Internal Auditors. Management's in-depth knowledge of the business and operation assisted the Group in identifying the key risk areas of the Group.

The Board delegates the oversight of risk management and internal control to the Audit and Risk Committee ("**ARC**"). The ARC is assisted by the Risk Management Working Group ("**RMWG**") which consists mainly of all Departmental Heads of the Group.

The Management is responsible to implement and maintain the following risk management framework:

- Establish a framework to systematically identify, evaluate, manage, control and monitor risks;
- Create risk awareness across the business by having accountability for risks and continuous monitoring;
- Emphasize on reviewing risks at meetings to improve on risk management; and
- Centralise the systematic gathering of risk profiles data in order for risk mitigation action to be initiated in accordance with their degree of significance.

The risk management framework will be implemented and maintained to achieve the following objectives:

- The Group's operational plans and overall risks to be communicated to all levels appropriately;
- Effectively identify, evaluate, manage, control and monitor significant risks;
- Systematically review and report on significant risks and take appropriate actions; and
- Timely response to risks by all level of management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

B. Risk Management and Internal Control Process (Cont'd)

The risk management framework is illustrated below:



Key risks which may impact the Group's business include:

a) Operational Risks

- risks from insufficient or slacked internal processes, employees and systems;
- risks of not foreseeing and responding to changes in operating environment, or executing strategies unsuccessfully; and
- risks from inappropriate product launching and marketing.

b) Financial Risks

- Risks of loss from movements in financial markets and changes in financial variables; and
- Risks involving credit, liquidity, interest rates and exchange rates.

While pursuing strategic plans and to ensure continued growth, the Group will continue to emphasize on sound risk management and internal control to set the Group in a better position to handle the various challenges posed by the dynamic and competitive business environment.

C. Key Elements of the Internal Control System

Key elements of the internal control system embedded in the Group's operations are as follows:

- An organisation structure with defined scopes of responsibilities, clear lines of accountability, and appropriate levels of delegated authority;
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability;
- Regular and comprehensive information provided to Management, covering financial and operational performance and key business indicators, for effective monitoring and decision making;
- A Code of Conduct and Ethics established for all employees, which defines the ethical standards and conduct of work required;
- Quarterly meetings for the Board are held to discuss the quarterly financial statements and issues that require the Board's attention;
- Operating policies and procedures are subject to regular review and improvement;
- Strategic planning, target setting and detailed budgeting process for each of the project which has been approved by the Senior Management team;
- ARC's reviews of the internal control issues highlighted by the RMWG, Internal Auditors and External Auditors; and
- ARC's reviews of the adequacy and effectiveness of the internal control system of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

D. Review on the Adequacy and Effectiveness of Risk Management and Internal Control System

The review on the adequacy and effectiveness of the risk management and internal control system involves the following:

- Annual assurance by the Managing Director, Deputy Managing Director and Executive Director on the adequacy and effectiveness of the risk management and internal control system, highlighting any weaknesses; and
- Periodical internal control review carried out with reference to the approved internal audit plan by the outsourced Internal Auditors. The reports on the review will be presented to the ARC.

The risk management and internal control processes in place provide reasonable assurance that the internal control system structure is appropriate to the Group's business and the significant risks are at a manageable level. However, the processes do not eliminate the possibility of poor judgement in decision-making, human error, and the occurrence of unforeseeable circumstances. The Board is of the opinion that the system of internal control in place is adequate to safeguard the Group's assets and shareholders' investments during the year under review.

E. No Weakness in Internal Control That Result in Material Losses

There were no material losses incurred during FY2022 arising from the weakness in the internal control system of the Group. The Management will continue to take appropriate measures to strengthen the control activities after taking into consideration the changing business environment.

F. Review of Statement by External Auditors

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report for FY2022. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 44 and 45 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

G. Conclusion

The Board has received assurance from the Managing Director, Deputy Managing Director, and Executive Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

The Board believes that the system of risk management and internal control of the Group is sound and sufficient to safeguard shareholder's investments and the Group's assets.

There was no significant material weakness in risk management and internal control resulting in significant losses. The Management will continue to review the adequacy and integrity of the Group's risk management and internal control system.

This Statement was approved by the Board on 6 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Audit and Non-Audit Fees

The amount of audit fees payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2022 amounted to RM36,750 and RM114,450 respectively.

The non-audit fees payable by the Company and the Group to the External Auditors during the financial year ended 31 December 2022 amounted to RM4,000 and RM30,500 respectively.

2. Material Contracts

Other than those transactions disclosed as Related Party Transactions in Note 33 to the Financial Statements on page 132 and 133, there were no material contracts entered into by the Company and its subsidiaries involving the interests of Directors or major shareholders either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

3. Utilisation of Proceeds Raised from Corporate Proposals

The Company does not have any corporate proposals during the financial year ended 31 December 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 ("**Act**") so as to give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the year ended 31 December 2022, the Directors ensured the Management has:

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

The Directors are responsible for ensuring that the Group and the Company maintain accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

FIVE-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL YEAR ENDED 31 DECEMBER

RM'000	2022	2021	2020	2019	2018
Revenue	64,839	75,420	39,290	59,935	64,986
Profit before tax	13,954	14,836	3,199	6,885	16,412
Profit after tax	9,722	8,175	782	4,032	11,115
Profit attributable to equity holders	9,714	8,166	772	4,027	11,050
Share capital	218,478	218,478	218,478	218,478	199,384
Equity attributable to equity holders	312,119	302,405	294,239	293,467	289,440
Total assets	386,060	389,927	387,078	376,132	324,141
Total borrowings	36,343	46,096	42,361	7,008	8,019
Net tangible assets (NTA)	312,628	302,906	294,731	293,949	289,917
NTA per share (RM)	1.43	1.38	1.35	1.34	1.45
Gearing ratio	11.64%	15.24%	14.40%	2.39%	2.77%
Earnings per share (sen)	4.45	3.74	0.35	1.84	5.54
Dividend per share (sen)	-	-	-	-	-
Return on equity	3.11%	2.70%	0.26%	1.37%	3.82%
Share Price – High (RM)	1.35	1.95	0.80	1.00	1.00
Share Price – Low (RM)	0.66	0.55	0.42	0.65	0.91
Share Price – Year Close (RM)	0.705	1.28	0.56	0.75	0.93
Market Capitalisation (RM' million)	154.03	279.65	122.35	163.86	185.43

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, property construction and management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS FOR THE FINANCIAL YEAR

	Group RM'000	Company RM'000
Profit/(Loss) for the year	9,722	(1,796)
Profit/(Loss) for the year attributable to :		
Owners of the parent	9,714	(1,796)
Non-controlling interest	8	-
	9,722	(1,796)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend payment in respect of the current financial year ended 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except for those provisions made within the ordinary course of business which have been disclosed in the financial statements.

DIRECTORS' REPORT (Cont'd)

ISSUE OF SHARES, DEBENTURES AND WARRANTS

There were no new shares, debentures or warrants issued during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of financial position and statements of comprehensive income 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 doubtful debts and to satisfy themselves that there were no known bad debts and that adequate allowance for impairment losses on receivables has been made.

At the date of this report, the Directors advise that they are not aware of any circumstances which would render it necessary to write off bad debts or the allowance for impairment losses on receivables inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that any current assets other than debts, 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 of the Group and of the Company 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 (Cont'd)

CONTINGENT AND OTHER LIABILITIES

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

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secure the liabilities of any other person; or
- (ii) 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 (12) 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 as and 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

In the opinion of the Directors, the results of the Group and of the Company during the financial year have not been 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, affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS OF THE COMPANY

The Directors of the Company in office since the end of the last financial year to the date of this report are as follows :-

DATO' SRI YAP SENG YEW
DATIN SRI GAN LI LI
DATO' YAP JUN JIEN
LEE BOON HONG @ LEE BOON KEONG
MOHD SHAFIZAN BIN SHAHBUDIN
TAN KAK TECK

DIRECTORS' REPORT (Cont'd)

DIRECTORS OF THE SUBSIDIARIES

Pursuant to Section 253(2) of the Companies Act 2016, the Directors who served in the subsidiaries since the end of the last financial year to the date of this report are as follows :

DATO' SRI YAP SENG YEW
DATIN SRI GAN LI LI
DATO' YAP JUN JIEN
YAP JUN WEI
DATIN TEH MI MI
TAN WAH KOK
NG YOKE LAN
GAN LI CHING
ZURAIID BIN AZIZ

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows :-

THE COMPANY	----- No. of Ordinary Shares -----			
	As at 01.01.2022	Bought	Sold	As at 31.12.2022
Direct Interests :				
DATO' SRI YAP SENG YEW	6,621,600	-	-	6,621,600
DATIN SRI GAN LI LI	6,687,383	-	-	6,687,383
DATO' YAP JUN JIEN	16,693,302	-	-	16,693,302
TAN KAK TECK	22,050	-	-	22,050
Indirect Interests :				
DATO' SRI YAP SENG YEW	140,853,033	-	6,000,000	134,853,033
DATIN SRI GAN LI LI	140,787,250	-	6,000,000	134,787,250
DATO' YAP JUN JIEN	119,112,208	-	6,000,000	113,112,208

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS (Cont'd)

HOLDING COMPANY	No. of Ordinary Shares			As at 31.12.2022
	As at 01.01.2022	Bought	Sold	
KINTA AROMA SDN. BHD.				
Direct Interests :				
DATO' SRI YAP SENG YEW	350,000	-	-	350,000
DATIN SRI GAN LI LI	350,000	-	-	350,000
DATO' YAP JUN JIEN	150,000	-	-	150,000

By virtue of their interest in the shares of the Company, the above-mentioned Directors, except for Mr. Tan Kak Teck, are also deemed interested in the shares of the subsidiaries during the financial year to the extent the Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

Other than as disclosed above, none of the other Directors holding office at the end of the financial year held any interest in the shares of the Company or of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or has become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company disclosed below) by reason of a contract made by the Company or a related corporation with a 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.

The aggregate amount of emoluments and other benefits paid to or receivable by the Directors during the financial year are as follows:

	Group RM'000	Company RM'000
Directors' fee	320	210
Directors' salaries and allowance	1,560	540
Defined contribution plan	182	59
	2,062	809

DIRECTORS' REPORT (Cont'd)

DIRECTORS' BENEFITS (Cont'd)

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Except as reported specifically in this report, no other services have been rendered or provided by the Directors or past Directors.

INDEMNITY TO DIRECTORS AND OFFICERS

The Group and the Company have not indemnified directly or indirectly or effected any insurance for any Director and officer of the Group and of the Company.

HOLDING COMPANY

The holding company is Kinta Aroma Sdn. Bhd., a company incorporated and domiciled in Malaysia.

SIGNIFICANT AND SUBSEQUENT EVENTS

There are no significant events and subsequent events occurred after the end of the financial year.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify its auditors, T. H. KUAN & CO., the cost provided and permitted under Section 289 of the Companies Act 2016 in Malaysia. No payment has been made to indemnify T. H. KUAN & CO. during the financial year or since the end of financial year.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 is RM114,450 and RM36,750 respectively.

DIRECTORS' REPORT (Cont'd)

AUDITORS

Messrs. T. H. KUAN & CO., Chartered Accountants, have expressed their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATO' SRI YAP SENG YEW
DIRECTOR

DATIN SRI GAN LI LI
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan

Dated : 6 April 2023

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, DATO' SRI YAP SENG YEW and DATIN SRI GAN LI LI, being two of the Directors of Y&G CORPORATION BHD., do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on Pages 63 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

DATO' SRI YAP SENG YEW
DIRECTOR

DATIN SRI GAN LI LI
DIRECTOR

Petaling Jaya, Selangor Darul Ehsan

Dated : 6 April 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, YAP YOON SIN (NRIC No. : 731110-14-5147) (MIA Membership No. : CA20025), being the Officer primarily responsible for the financial management of Y&G CORPORATION BHD., do solemnly and sincerely declare that the accompanying financial statements set out on Pages 63 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
YAP YOON SIN)
NRIC No. : 731110-14-5147)
at Petaling Jaya,)
in the State of Selangor Darul Ehsan)
this day of 6 April 2023)

Before me,
WONG CHOY YIN
No. B508
Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

**TO THE MEMBERS OF Y&G CORPORATION BHD. (196501000614 (6403-X))
(INCORPORATED IN MALAYSIA)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Y&G CORPORATION BHD., which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on page 63 to 134.

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 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 matters included further hereunder within this report with no separate opinion given on the matters and key matters primarily involved significant matters where our professional judgement is required together with other audit procedures performed by us to form an overall audit opinion of the truth and fairness of the Group's financial statements.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF Y&G CORPORATION BHD. (196501000614 (6403-X))
(INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

1. Property development revenue and profit recognition

Within the revenue and cost reported in the Group's financial statements, the recognition of the revenue and cost for the construction and sale of development properties is based on the stage of completion achieved by each development phase at each material time, of which include the reporting date reported herein.

The stage of completion at each material time is determined and calculated based on the actual property development costs incurred over the estimated total development cost for completing a development phase.

With the above determinants, the recognition of revenue is hence dependent on the estimated total cost of development, which has the inclusion of estimates and judgement made by the Directors on the cost to be incurred for the development.

In view of the above, there is a risk of deviation between the estimated cost and the actual cost of development incurred resulting in material variance in the amount of profit or loss recognised for the period reported herein.

Along with other audit procedures, the above matter is further addressed by us with the following audit procedures:-

- Procedures which ensure the estimated and actual cost incurred for each development phase were duly approved.
- Procedures which ensure the estimated and actual cost incurred for each development phase were duly monitored with deviation reported promptly.
- Procedures which ensure the stage of completion determined for the recognition of revenue and cost is supported by architect certification.
- Procedures which challenge the estimates provided within the feasibility study report of each development phase.

We also considered the adequacy of the disclosure on revenue recognition included in the significant accounting policies in Note 3.15(c), Note 3.16 and Note 3.21(a) as well as in the significant accounting estimate and judgements accounting policies of Note 4.1(c) to the financial statements.

2. Impairment of trade receivables

As at 31 December 2022, the respective credit risk of trade receivables of the Group, including past due but not impaired receivables of RM39.646 million together with other amounts of receivables of trade in nature have been respectively disclosed in Note 13 and Note 31(b)(i) of the financial statements.

In determining whether a provision for expected credit losses on receivables is required for the foregoing-mentioned amount of receivables past due and not impaired and the other receivables which are within the credit period of the Group, an on-going review and evaluation of the creditworthiness, trend of payments, including delinquent and/or default payment, subsequent receipts and payment terms of the receivables are performed by the management and Directors.

INDEPENDENT AUDITORS' REPORT (Cont'd)

**TO THE MEMBERS OF Y&G CORPORATION BHD. (196501000614 (6403-X))
(INCORPORATED IN MALAYSIA)**

Key Audit Matters (Cont'd)

2. Impairment of trade receivables (Cont'd)

In view of the review and evaluation performed by the management and Directors involves certain extent of judgement, there is a risk of inherent change in circumstances in which judgement was made, resulting a variation in the balance of receivables reported herein and the consequence effect to the results reported in the statement of comprehensive income.

Along with other audit procedures, the above matter of provision for expected credit losses on receivables is further addressed by us with the following audit procedures:-

- Procedures which ensure the design of credit control system is adequate and the implementation thereof in assessing creditworthiness of receivables is complied.
- Procedures which ensure the sales made to receivables are properly and adequately supported by legally enforceable documents of sale for recovery of debts.
- Procedures which ensure receivables are with adequate subsequent receipts and/or adequate subsequent support of financing arrangement.
- Procedures which ensure the adequacy of measures taken to recover the receivables.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

INDEPENDENT AUDITORS' REPORT (Cont'd)

**TO THE MEMBERS OF Y&G CORPORATION BHD. (196501000614 (6403-X))
(INCORPORATED IN MALAYSIA)**

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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.
- 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 and the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF Y&G CORPORATION BHD. (196501000614 (6403-X))
(INCORPORATED IN MALAYSIA)

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 8 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.

T. H. KUAN & CO.
AF 1216
CHARTERED ACCOUNTANTS

YEAN WAI NYE
No. 02970/02/2025 J
CHARTERED ACCOUNTANT

Petaling Jaya, Selangor Darul Ehsan

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	1,198	1,419	166	166
Investment property	6	17,427	17,659	-	-
Land held for property development	7	206,286	187,766	-	-
Investment in subsidiaries	8	-	-	128,682	128,682
Deferred tax assets	9	2,397	1,905	-	-
Total Non-Current Assets		227,308	208,749	128,848	128,848
Current Assets					
Inventories	10	10,110	31,895	-	-
Property development expenditure	11	15,853	32,756	-	-
Contract assets	12	35,869	21,786	-	-
Trade receivables	13	5,017	49,382	-	-
Other receivables and deposits	14	10,054	5,153	191,659	182,909
Current tax assets		1,163	758	-	-
Cash and cash equivalents	15	80,686	39,448	4,223	3,767
Total Current Assets		158,752	181,178	195,882	186,676
TOTAL ASSETS		386,060	389,927	324,730	315,524

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Note	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	16	218,478	218,478	218,478	218,478
Retained earnings	17	93,641	83,927	51,897	53,693
		<u>312,119</u>	<u>302,405</u>	<u>270,375</u>	<u>272,171</u>
Non-controlling interest		509	501	-	-
Total Equity		<u>312,628</u>	<u>302,906</u>	<u>270,375</u>	<u>272,171</u>
Non-Current Liabilities					
Obligation under finance leases	18	269	441	-	-
Bank borrowings	19	28,288	32,206	-	-
Deferred tax liabilities	20	8,407	9,041	-	-
Total Non-Current Liabilities		<u>36,964</u>	<u>41,688</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Trade payables	21	10,881	20,411	-	-
Other payables and accruals	22	14,617	7,436	50,878	40,055
Obligation under finance leases	18	182	211	-	-
Bank borrowings	19	7,604	13,238	3,477	3,298
Current tax liabilities		3,184	4,037	-	-
Total Current Liabilities		<u>36,468</u>	<u>45,333</u>	<u>54,355</u>	<u>43,353</u>
Total Liabilities		<u>73,432</u>	<u>87,021</u>	<u>54,355</u>	<u>43,353</u>
TOTAL EQUITY AND LIABILITIES		<u>386,060</u>	<u>389,927</u>	<u>324,730</u>	<u>315,524</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		----- GROUP -----		----- COMPANY -----	
	Note	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Revenue	23	64,839	75,420	3,387	2,403
Cost of revenue	24	(41,997)	(50,675)	-	-
Gross profit		22,842	24,745	3,387	2,403
Other income		1,400	1,046	45	6
Administration expenses		(8,043)	(7,859)	(4,885)	(4,573)
Selling and distribution expenses		(925)	(1,463)	-	-
Other operating expenses		(681)	(681)	(129)	(238)
Profit/(Loss) from operations		14,593	15,788	(1,582)	(2,402)
Finance costs	25	(639)	(952)	(214)	(75)
Profit/(Loss) before tax	26	13,954	14,836	(1,796)	(2,477)
Income tax expenses	29	(4,232)	(6,661)	-	-
Profit/(Loss) for the financial year		9,722	8,175	(1,796)	(2,477)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss)		9,722	8,175	(1,796)	(2,477)
Profit/(Loss) for the financial year / Total comprehensive income/(loss) attributable to :-					
Owners of the parent		9,714	8,166	(1,796)	(2,477)
Non-controlling interest		8	9	-	-
		9,722	8,175	(1,796)	(2,477)
Earnings per share attributable to owners of the parent (Sen per share)					
Basic	30	4.45	3.74		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

GROUP	Non-distributable		Distributable		Non-controlling interest RM'000	Total equity RM'000
	Share capital RM'000	Retained earnings RM'000	Total RM'000	Total RM'000		
As at 1 January 2021	218,478	75,761	294,239	294,239	492	294,731
Profit for the financial year	-	8,166	8,166	8,166	9	8,175
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income	-	8,166	8,166	8,166	9	8,175
As at 31 December 2021	218,478	83,927	302,405	302,405	501	302,906
Transactions with owners :-						
Profit for the financial year	-	9,714	9,714	9,714	8	9,722
Other comprehensive income	-	-	-	-	-	-
Total Comprehensive Income	-	9,714	9,714	9,714	8	9,722
As at 31 December 2022	218,478	93,641	312,119	312,119	509	312,628

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (Cont'd) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

COMPANY	----- Non-distributable -----		Distributable		Total equity RM'000
	Share capital RM'000	Retained earnings RM'000			
As at 1 January 2021	218,478	56,170			274,648
Loss for the financial year	-	(2,477)			(2,477)
Other comprehensive income	-	-			-
Total Comprehensive Loss	-	(2,477)			(2,477)
As at 31 December 2021	218,478	53,693			272,171
Loss for the financial year	-	(1,796)			(1,796)
Other comprehensive income	-	-			-
Total Comprehensive Loss	-	(1,796)			(1,796)
As at 31 December 2022	218,478	51,897			270,375

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		13,954	14,836	(1,796)	(2,477)
Adjustments for :					
Depreciation of property, plant and equipment	5, 26	284	299	64	68
Amortisation of investment property	6, 26	232	232	-	-
Property, plant and equipment written off	26	11	-	11	-
Written off - Others	26	1	-	-	-
Interest on obligation under finance leases	25, 26	22	34	-	-
Term loan interest	25, 26	463	357	159	75
Bridging loan interest	25, 26	154	561	-	-
Unsecured cost of fund	26	-	-	12	-
Interest income	26	(365)	(391)	(1)	(1)
Gain on disposal of property, plant and equipment	26	-	(31)	-	-
Gain on foreign exchange	26	(219)	(152)	10	(1)
Operating profit/(loss) before changes in working capital		14,537	15,745	(1,541)	(2,336)
Changes in working capital					
Inventories		21,785	30,163	-	-
Property development expenditure		16,903	5,486	-	-
Contract assets		(14,083)	(9,673)	-	-
Trade and other receivables		39,464	(30,801)	(8,750)	(11,836)
Trade and other payables		(2,349)	(11,944)	10,823	14,013
Cash from/(used in) operation		76,257	(1,024)	532	(159)
Tax paid		(6,616)	(3,657)	-	-
Net cash from/(used in) operating activities		69,641	(4,681)	532	(159)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		GROUP		COMPANY	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	5(a)	(75)	(15)	(75)	(15)
Proceeds from disposal of property, plant and equipment		-	31	-	-
Addition of land held for property development	7	(18,520)	(25,857)	-	-
Interest income	26	365	391	1	1
Net cash used in investing activities		<u>(18,230)</u>	<u>(25,450)</u>	<u>(74)</u>	<u>(14)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown from bank borrowings		-	9,548	-	3,298
Repayment of bank borrowings		(9,731)	(5,475)	-	-
Repayment of obligation under finance leases		(201)	(338)	-	-
Interest paid	25, 26	(639)	(952)	(159)	(75)
Unsecured cost of fund	25, 26	-	-	(12)	-
Placement of deposits pledged to licensed banks	15	(215)	(152)	-	-
Net cash (used in)/from financing activities		<u>(10,786)</u>	<u>2,631</u>	<u>(171)</u>	<u>3,223</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,625	(27,500)	287	3,050
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		33,508	60,856	3,767	716
Effects of exchange rate changes on cash and cash equivalents		398	152	169	1
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	15	<u>74,531</u>	<u>33,508</u>	<u>4,223</u>	<u>3,767</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at Lot G-01, Ground Floor, Tower B, PJ City Development, No. 15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

The principal activities of the Company are investment holding, property construction and management services. The principal activities of the subsidiaries are disclosed in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is Kinta Aroma Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 6 April 2023.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis of Preparation

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

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

2.2 Amendments to MFRSs and New MFRSs Adopted

The accounting policies adopted are consistent with those of the previous financial year except as described below. The following new and amended MFRSs and Issues Committee ("IC") Interpretations issued by the Malaysian Accounting Standards Board ("MASB") became mandatory for current financial year of the Group and of the Company :

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

2.2 Amendments to MFRSs and New MFRSs Adopted (Cont'd)

Effective for the financial periods beginning on or after 1 January 2022

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
Amendments to MFRS 1, MFRS 9, and MFRS 141	Annual Improvements to MFRSs 2018 - 2020 Cycle

The adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards Issued But Have Not Been Effective

As at the date of authorisation of these financial statements, the following Standards, Amendments and IC Interpretations have been issued by the MASB but have not been effective and have not been adopted by the Group and the Company:-

Effective for the financial periods beginning on or after 1 January 2023

MFRS 17 and Amendments to MFRS 17	Insurance Contracts
Amendment to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
Amendment to MFRS 108	Definition of Accounting Estimates
Amendment to MFRS 101	Disclosure of Accounting Policies
Amendment to MFRS 101	Classification of Liabilities as Current or Non-current
Amendment to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (Cont'd)

2.3 Standards Issued But Have Not Been Effective (Cont'd)

Effective date to be announced

Amendments to MFRS 10 and MFRS 128

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant effect to the financial statements of the Group and the Company upon their initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of Accounting

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

3.2 Investment in Subsidiaries

A subsidiary is an entity over which the Group has the following:-

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use power over the investee to affect the amount of the Company's returns.

In the Company's separate financial statements, investment in subsidiaries is stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of Consolidation

(a) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Accounting policies are consistently applied for transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:-

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use power over the investee to affect the amount of the Company's returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiaries. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses of subsidiaries are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between the aggregate of the fair value of the consideration received and the fair value of any retained interest and the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in statements of comprehensive income. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to statements of comprehensive income or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as cost on initial recognition of the investment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of Consolidation (Cont'd)

(b) Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition-date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administration expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, is recognised in accordance with MFRS 9 in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instance where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition-date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 3.4.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Basis of Consolidation (Cont'd)

(c) Transactions with Non-Controlling Interests

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the equity of the owners of the Company. Transactions with non-controlling interest are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and fair value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

3.4 Intangible Assets

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or more frequently when indications of impairment are identified.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.5 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably.

Subsequent to the initial recognition, costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.6.

Depreciation on property, plant and equipment is calculated on the straight-line method so as to write off the cost of the property, plant and equipment net of impairment losses over their estimated useful lives. The principal annual rates used are as follows:-

Motor vehicles	10%
Renovation	10%
Furniture and fittings	10%
Plant, machinery and equipment	10% - 20%

The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted if appropriate.

Upon the disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.

3.6 Impairment of Non-Financial Assets

The Group and the Company assess at each reporting date whether there is an indication that non-financial assets (except for inventories, land held for property development, property development expenditure, contract assets, deferred tax assets and investment property measured at fair value) may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Impairment of Non-Financial Assets (Cont'd)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

3.7 Investment Property

Investment property consists of investment in land and building that is not substantially occupied for use by, or in the operations of the Group and of the Company.

Investment property is treated as long term investment and is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation 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 freehold building are 50 years. Freehold land is not amortised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.7 Investment Property (Cont'd)

Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss.

3.8 Financial Instruments

(a) Financial Assets

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

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets under MFRS 9 *Financial Instruments* are as below:-

(i) Financial Assets Measured at Amortised Cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the financial assets are impaired or derecognised.

(ii) Financial Assets Measured at Fair Value

Financial assets that are debt instruments are measured at fair value through other comprehensive income if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(ii) Financial Assets Measured at Fair Value (Cont'd)

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income, except impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The Group and the Company do not have any financial assets measured at fair value through profit or loss as at the current and previous financial year ends.

Equity instruments are classified as financial assets measured at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company can elect an irrevocable option to designate its equity financial instruments at initial recognition as financial assets measured at fair value through other comprehensive income if the equity instruments are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value of these financial assets are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in the other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

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

(b) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the current and previous financial year ends.

(ii) Other Financial Liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial Instruments (Cont'd)

(b) Financial Liabilities (Cont'd)

(ii) Other Financial Liabilities (Cont'd)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

(c) Offsetting of financial instruments

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

3.9 Impairment of Financial Assets

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition.

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Impairment of Financial Assets (Cont'd)

The amount of impairment loss is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and the Company and all the cash flows that the Group and the Company expect to receive.

The Group and the Company recognise expected credit loss on the two-step approach as follows:

(a) 12-months expected credit loss

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company measure the allowance for impairment loss for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(b) Lifetime expected credit loss

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime expected credit loss for that financial asset is recognised as the allowance for impairment loss by the Group and the Company. If in a subsequent period the significant increase in credit risk since initial recognition is no longer evident, the Group and the Company revert the allowance for impairment loss measurement from lifetime expected credit loss to 12-months expected credit loss.

For trade receivables and contract assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

3.10 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.10 Contingencies (Cont'd)

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

3.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3.12 Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.13 Provision

Provisions are recognised when the Group and the Company have a present obligation 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Lease

(a) The Group and the Company as Lessee

The Group and the Company recognise a right-of-use asset and lease liability at the lease commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use asset is initially measured at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated of costs to dismantle and remove the underlying assets or to restore the underlying assets or site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date 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 asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

If the lease transfers ownership to the Group and the Company by end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying assets. Otherwise, the Group and the Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and re-measuring the carrying amount to reflect any reassessment or lease modifications.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.14 Lease (Cont'd)

(b) The Group and the Company as Lessor

The Group and the Company classified its leases as either operating leases or finance leases. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

3.15 Inventories

(a) Completed development properties

Inventories represent completed residential and commercial properties.

Inventories of completed residential and commercial properties are stated at the lower of cost and net realisable value. Cost is determined on the specified identification basis and includes costs of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

(b) Land Held for Property Development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed with the normal operating cycle and such land is classified as non-current inventory and is stated at the lower of cost and net realisable value. Cost includes the purchase price of the land, conversion cost and other incidental costs incurred in bringing the land to the condition for development. When property development commences and it can be completed within the normal operating cycle, the carrying amount of the land, or a portion thereof, is transferred to property development costs using the specific identification method if it is specifically identifiable.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.15 Inventories (Cont'd)

(c) Property Development Expenditure

Property development expenditures are classified as current inventory and measured at lower of cost and net realisable value. Costs comprise land cost, development costs, including infrastructure costs and other directly attributable costs of property development. The property development costs are accounted for on a project-by-project basis. Land costs, infrastructure cost and other common cost are allocated to development projects by reference to land area used or by reference to relative development value of the project, depending on which basis better reflects a fair allocation of the costs incurred. When the development units are sold to customers, a portion of the development costs is transferred to contract asset account. The balance in the property development costs not transferred to contract assets represents costs of unsold units in progress.

3.16 Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development, contract asset is the excess of cumulative revenue earned over the billings to-date, for which the billings to customers are based on progress milestones set out in sale and purchase agreement with the customers. Contract asset is stated at cost less accumulated impairment losses. The amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract liability is the obligation to transfer goods and services to customer for which the Group and the Company have received the consideration or have billed the customer. In the case of property development, contract liability is the excess of the billings to-date over the cumulative revenue earned.

3.17 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.18 Non-Current Asset Held For Sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets, or disposal group are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

3.19 Employee Benefits

(a) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

(b) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to Employee Provident Fund ("EPF"). This contribution is recognised as an expense in the profit or loss as incurred. Once contributions have been paid, the Group and the Company have no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.20 Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year, using tax rates enacted or substantively enacted by at the end of the reporting period, and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised on all temporary differences between the carrying amounts of the assets and liabilities and their tax bases except where the temporary difference arises from goodwill or negative 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 income.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be realisable. Deferred tax assets are reviewed at the end of each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realisable.

Deferred tax is measured at tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if and only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.21 Revenue

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of properties based on the five-step model as set out below:

(a) Identify contract(s) with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 Revenue (Cont'd)

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(d) Allocate the transaction price to the performance obligations in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(e) Recognise revenue when the Group and the Company satisfy a performance obligation

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:-

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.21 Revenue (Cont'd)

(a) Property Development

Revenue from contract with customers of property development activities is measured at the fair value of the consideration received and receivable. This is normally the contracted price in the sale and purchase agreement. Any variable consideration, including penalty for late delivery, is included in the measurement of the transaction price using either the expected value method or the most likely outcome method, depending on which method better predicts the consideration receivable.

If the performance obligation in a contract with customer is satisfied over time by transferring control of the assets to the customer over time, revenue is recognised in profit or loss using percentage of completion method. Control is transferred over time if the Group has no alternative use to the units sold to customers and the Group has enforceable right for payments for the work completed to date. For contracts with customers that do not meet any of these two conditions, revenue is recognised in profit or loss at the point in time when the development of the units is completed and the units delivered to customers.

The stage of completion is measured using an input method by reference to the costs incurred to date over the estimated total costs for completion. If the outcome of a project is uncertain, revenue in respect of units sold is recognised in profit or loss to the extent of the recoverable costs incurred.

The Group recognised sales at a point in time for the sale of completed properties, when control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers.

(b) Management Fee

Management fee is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(c) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(d) Rental Income

Rental income is recognised on a straight-line basis over the term of the lease.

(e) Interest Income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.22 Related Parties

A related party is a person or entity that is related to the Company.

A related party is:

- (a) a person or a close member of that person's family is related to the Company if that person:
 - (i) has control or joint control of the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Company or of the holding company of the Company.
- (b) an entity is related to the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of the holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the holding company of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

3.24 Warrants

The issues of ordinary shares upon exercise of the warrants are treated as new subscriptions of ordinary shares for the consideration equivalent to the warrants exercise price.

3.25 Fair Value Measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability; or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.25 Fair Value Measurement (Cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:-

- (a) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- (b) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- (c) Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Judgements Made In Applying Accounting Policies

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:-

(a) Impairment of Non-Financial Assets

When the recoverable amount of a non-financial asset is determined based on the estimate of the value in use of the cash-generating units to which the assets is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating units and also to apply a suitable discount rate in order to determine the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.1 Judgements Made In Applying Accounting Policies (Cont'd)

(b) Provision for expected credit losses of trade receivables, other receivables and contract assets

The Group and the Company assess the credit risk at each reporting date, whether there have been significant increases in credit risk since initial recognition on an individual basis. To determine whether there is a significant increase in credit risks, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments.

Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit losses by considering the loss given default and the probability of default assigned to each counterparty customer. The financial assets are written off either partially or full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the contract assets and receivables are disclosed in Note 12, Note 13 and Note 14 respectively.

(c) Property Development Revenue

The Group recognises property development revenue and expenses in statements of comprehensive income by using the stage of completion method. The stage of completion method is described in Note 3.21 (a).

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of professionals.

4.2 Key Sources of Estimation Uncertainty

The key assumptions 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 are discussed below.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

4.2 Key Sources of Estimation Uncertainty (Cont'd)

(a) Useful Lives of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual lives of these assets, therefore future depreciation charges could be revised and impairment loss could be provided.

The carrying amount of the Group's and the Company's property, plant and equipment as at reporting date is disclosed in Note 5 to the financial statements.

(b) Provision for Income Tax

Significant estimation is involved in determining the provision for income taxes. There are many transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group estimated the tax liabilities based on the understanding of prevailing tax laws and estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred Tax Assets

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Motor vehicles	Renovation	Furniture and fittings	Plant, machinery and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
<u>Cost</u>					
At 1 January 2022	3,390	783	340	856	5,369
Addition	-	-	-	75	75
Disposal	-	-	(3)	(184)	(187)
At 31 December 2022	3,390	783	337	747	5,257
<u>Accumulated Depreciation</u>					
At 1 January 2022	2,084	783	333	750	3,950
Charge for the year	242	-	2	40	284
Disposal	-	-	(3)	(172)	(175)
At 31 December 2022	2,326	783	332	618	4,059
<u>Net Carrying Amount</u>					
At 31 December 2022	1,064	-	5	129	1,198
2021					
<u>Cost</u>					
At 1 January 2021	3,514	783	340	841	5,478
Addition	-	-	-	15	15
Disposal	(124)	-	-	-	(124)
At 31 December 2021	3,390	783	340	856	5,369
<u>Accumulated Depreciation</u>					
At 1 January 2021	1,967	781	326	701	3,775
Charge for the year	241	2	7	49	299
Disposal	(124)	-	-	-	(124)
At 31 December 2021	2,084	783	333	750	3,950
<u>Net Carrying Amount</u>					
At 31 December 2021	1,306	-	7	106	1,419

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY

	Motor vehicles	Renovation	Furniture and fittings	Plant, machinery and equipment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2022					
<u>Cost</u>					
At 1 January 2022	673	74	76	337	1,160
Addition	-	-	-	75	75
Disposal	-	-	(3)	(73)	(76)
At 31 December 2022	673	74	73	339	1,159
<u>Accumulated Depreciation</u>					
At 1 January 2022	596	74	70	254	994
Charge for the year	38	-	2	24	64
Disposal	-	-	(3)	(62)	(65)
At 31 December 2022	634	74	69	216	993
<u>Net Carrying Amount</u>					
At 31 December 2022	39	-	4	123	166
2021					
<u>Cost</u>					
At 1 January 2021	673	74	76	322	1,145
Addition	-	-	-	15	15
At 31 December 2021	673	74	76	337	1,160
<u>Accumulated Depreciation</u>					
At 1 January 2021	558	73	68	227	926
Charge for the year	38	1	2	27	68
At 31 December 2021	596	74	70	254	994
<u>Net Carrying Amount</u>					
At 31 December 2021	77	-	6	83	166

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) During the financial year, the Group and the Company acquired property, plant and equipment through the following arrangements:-

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Payment by cash consideration of property, plant and equipment acquired	75	15	75	15

- (b) The Group's and the Company's carrying amount of motor vehicles acquired under finance lease which still have outstanding instalments at the reporting date was as follows:-

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Carrying amount of motor vehicles acquired under finance leases which still have outstanding instalments at the reporting date	762	1,028	-	-

- (c) Included in property, plant and equipment of the Group and Company are fully depreciated assets are as follows:-

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Cost				
Motor vehicles	750	750	290	290
Renovation	783	781	74	72
Furniture and fittings	320	323	58	61
Plant, machinery and equipment	485	488	106	130
	<u>2,338</u>	<u>2,342</u>	<u>528</u>	<u>553</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (d) Motor vehicles of the Group and Company with carrying amount of RM5 (2021 : RM5) and RM1 (2021 : RM1) respectively are registered in the name of corporations in which certain Directors have interest and hold the assets in trust.
- (e) Motor vehicles of the Group and Company with carrying amount of RM249,143 (2021 : RM363,683) and RM34,301 (2021 : RM76,602) respectively are registered in the name of a Director who holds the assets in trust.

6. INVESTMENT PROPERTY

GROUP	Freehold land RM'000	Freehold building RM'000	Total RM'000
<u>Cost</u>			
At 1 January 2022/31 December 2022	7,103	11,600	18,703
<u>Accumulated Amortisation</u>			
At 1 January 2022	-	(1,044)	(1,044)
Amortisation for the year	-	(232)	(232)
At 31 December 2022	-	(1,276)	(1,276)
<u>Net Carrying Amount</u>			
At 31 December 2022	7,103	10,324	17,427
<u>Cost</u>			
At 1 January 2021/31 December 2021	7,103	11,600	18,703
<u>Accumulated Amortisation</u>			
At 1 January 2021	-	(812)	(812)
Amortisation for the year	-	(232)	(232)
At 31 December 2021	-	(1,044)	(1,044)
<u>Net Carrying Amount</u>			
At 31 December 2021	7,103	10,556	17,659

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

6. INVESTMENT PROPERTY (Cont'd)

- (a) The above investment property has been pledged to a licensed bank as security for bank borrowings granted to the subsidiary as disclosed in Note 19 to the financial statements.
- (b) Investment property of the Group measured at Level 2 fair value is RM21.50 million (2021 : RM21.50 million), is determined based on the market comparison approach that reflects the recent transacted prices of comparable properties in close proximity with adjustment on differences in key attributes such as property size. The valuation of fair value of the investment property is performed by a registered independent valuer having appropriate recognised professional qualification and recent experience in the location and category of property being valued.
- (c) The surplus of the fair value over carrying amount for the investment property was not recognised in the financial statements as the Group adopts the historical cost basis in accounting for its investment property.

7. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP	Long-term leasehold land, at cost RM'000	Freehold land, at cost RM'000	Development expenditure, at cost RM'000	Total RM'000
At 1 January 2022	130,059	31,533	26,174	187,766
Additions during the year	10,020	1,042	7,458	18,520
At 31 December 2022	140,079	32,575	33,632	206,286
At 1 January 2021	130,059	16,985	14,865	161,909
Additions during the year	-	14,548	11,309	25,857
At 31 December 2021	130,059	31,533	26,174	187,766

Land held for property development with carrying amount of RM52,826,722 (2021 : RM51,152,894) is pledged as securities for bank borrowings as disclosed in Note 19 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

8. INVESTMENT IN SUBSIDIARIES

	----- COMPANY -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Unquoted shares, at cost	128,682	128,682

The subsidiaries are incorporated and domiciled in Malaysia, and the details of the subsidiaries are as follows :-

		% of ownership interest held by			
		Group		Non-controlling interest	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Direct subsidiaries</u>					
Name of subsidiaries	Principal activities				
Bumida Engineering & Construction Sdn. Bhd.	Property development and construction work	98	98	2	2
Beta Fame Sdn. Bhd.	Property investment and investment holding	100	100	-	-
Duta Asiana Sdn. Bhd. #	Dormant	100	100	-	-
Hala Kota Development Sdn. Bhd.	Property development and investment holding	100	100	-	-
Kualiti Kinta Sdn. Bhd.	Property development and investment holding	100	100	-	-
Magna Rembang Sdn. Bhd.	Property development and investment holding	100	100	-	-
Maha Harapan Sdn. Bhd. #	Investment holding	100	100	-	-
Nusa Wibawa Sdn. Bhd. #	Dormant	100	100	-	-
Sentosa Teliti Sdn. Bhd. #	Construction work and investment holding	100	100	-	-
Tunas Temasek Sdn. Bhd. #	Dormant	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

		% of ownership interest held by			
		Group		Non-controlling interest	
		2022	2021	2022	2021
<u>Indirect subsidiaries</u>					
Name of subsidiaries	Principal activities				
Subsidiaries of Beta Fame Sdn. Bhd.					
Beta Fame Development Sdn. Bhd.	Property development	100	100	-	-
Dataran Majujaya Sdn. Bhd.	Investment holding	100	100	-	-
Subsidiaries of Hala Kota Development Sdn. Bhd.					
Melia Aktif Sdn. Bhd. #	Property development	100	100	-	-
Solid Spectra Sdn. Bhd. #	Dormant	100	100	-	-
Subsidiary of Kualiti Kinta Sdn. Bhd.					
Cosmic Harmony Sdn. Bhd. #	Investment holding	100	100	-	-
Subsidiaries of Sentosa Teliti Sdn. Bhd.					
Melati Purnama Sdn. Bhd.	Construction work	100	100	-	-
Mentari Jelas Sdn. Bhd.	Construction work and general trading	100	100	-	-
Sempurna Rampai Sdn. Bhd.	Construction work and general trading	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

		% of ownership interest held by			
		Group		Non-controlling interest	
		2022	2021	2022	2021
<u>Indirect subsidiaries (Cont'd)</u>					
Name of subsidiaries	Principal activities				
Subsidiaries of Magna Rembang Sdn. Bhd.					
Rukun Warisan Sdn. Bhd. #	Investment holding	100	100	-	-
Sempena Klasik Sdn. Bhd. #	Investment holding	100	100	-	-
Subsidiaries of Rukun Warisan Sdn. Bhd.					
Elemen Cekap Sdn. Bhd. #	Dormant	100	100	-	-
Ikramin Sdn. Bhd. #	Property development	100	100	-	-
Subsidiaries of Sempena Klasik Sdn. Bhd.					
Teras Zaman Sdn. Bhd.	Property development	100	100	-	-
Bayu Kemuning Sdn. Bhd. #	Dormant	100	100	-	-

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

- # The auditors' report of the subsidiaries has highlighted that there is an indication of a material uncertainty that exists which may cast significant doubt on its ability to continue as a going concern. The Directors of the Company are of the opinion that the significant doubts of the ability to continue as a going concern of these subsidiaries do not have any significant impact on the financial position of the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

Financial information of Bumida Engineering & Construction Sdn. Bhd., a subsidiary that have material non-controlling interest are provided below:-

(a) Summarised statement of financial position

	<u>2022</u> RM'000	<u>2021</u> RM'000
Non-current assets	54	81
Current assets	30,482	31,003
Total assets	<u>30,536</u>	<u>31,084</u>
Current liabilities	(5,080)	(6,046)
Total liabilities	<u>(5,080)</u>	<u>(6,046)</u>
Net assets	<u>25,456</u>	<u>25,038</u>
Equity attributable to equity holders of the Company	<u>24,947</u>	<u>24,537</u>
Non-controlling interests	<u>509</u>	<u>501</u>

(b) Summarised statement of comprehensive income

	<u>2022</u> RM'000	<u>2021</u> RM'000
Revenue	<u>9,850</u>	<u>9,626</u>
Profit for the year	<u>419</u>	<u>459</u>
Profit attributable to equity holders of the Company	411	450
Profit attributable to non-controlling interest	8	9
Total comprehensive income	<u>419</u>	<u>459</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

8. INVESTMENT IN SUBSIDIARIES (Cont'd)

(c) Summarised statement of cash flows

	<u>2022</u> RM'000	<u>2021</u> RM'000
Net cash from operating activities	13,438	6,706
Net cash from investing activities	91	83
Net cash used in financing activities	(5,769)	(14,996)
Net increase/(decrease) in cash and cash equivalents	7,760	(8,207)
Cash and cash equivalents at the beginning of the year	7,115	15,322
Cash and cash equivalents at the end of the year	14,875	7,115

9. DEFERRED TAX ASSETS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
At 1 January	1,905	1,651	-	-
Recognition of deferred tax assets during the year (Note 29)	492	254	-	-
At 31 December	2,397	1,905	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

9. DEFERRED TAX ASSETS (Cont'd)

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

	Property development expenditure RM'000	Unutilised business losses RM'000	Total RM'000
At 1 January 2022	1,905	-	1,905
Recognition to profit or loss (Note 29)	492	-	492
At 31 December 2022	2,397	-	2,397
At 1 January 2021	1,651	-	1,651
Recognition to profit or loss (Note 29)	254	-	254
At 31 December 2021	1,905	-	1,905

10. INVENTORIES

	----- GROUP -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Completed properties held for sale, at cost	10,110	31,895

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

11. PROPERTY DEVELOPMENT EXPENDITURE

	----- GROUP -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
At 1 January	32,756	38,242
Cost incurred during the year:-		
Development costs	2,443	16,515
	35,199	54,757
Transferred to contract assets for unit sold (Note 12)	(19,346)	(22,001)
At 31 December	15,853	32,756

The Company's development land has been pledged to licensed banks for banking facilities granted to the Company as disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

12. CONTRACT ASSETS

	----- GROUP -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
<u>Contract Assets</u>		
At 1 January	12,551	5,614
Revenue recognised for performance obligations partially and fully satisfied during the year	38,904	37,644
Progress billings for the year	(25,011)	(30,707)
At 31 December	26,444	12,551
<u>Contract Cost Assets</u>		
At 1 January	9,235	6,499
Development costs incurred transferred from property development costs (Note 11)	19,346	22,001
Amortisation of contract assets	(19,156)	(19,265)
At 31 December	9,425	9,235
	35,869	21,786

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development. The contract assets will be transferred to trade receivables when the rights become unconditional. The contract liabilities represent the excess of the billings to-date over the cumulative revenue recognised.

The Group capitalises costs to obtain or fulfil a contract which include sales commission when they are incremental and expected to be recovered over more than a year. These costs are amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relates.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

13. TRADE RECEIVABLES

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Trade receivables	23	-	-	-
Gross progress billings receivables	4,994	45,336	-	-
Gross retention sums receivables	-	4,046	-	-
	<u>5,017</u>	<u>49,382</u>	<u>-</u>	<u>-</u>

The progress billings are due within 21 days (2021 : 21 days). The retention sums are due upon the expiry of the defect liability period of 12 to 24 months (2021 : 12 to 24 months). Other credit terms are assessed and approved on a case-to-case basis.

14. OTHER RECEIVABLES AND DEPOSITS

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Amount owing by subsidiaries	-	-	189,465	180,736
Other receivables	3,947	4,024	2,003	2,006
Deposits	7,071	2,126	158	164
Prepayments	36	3	33	3
	<u>11,054</u>	<u>6,153</u>	<u>191,659</u>	<u>182,909</u>
Provision for uncollectible deposits	(1,000)	(1,000)	-	-
	<u>10,054</u>	<u>5,153</u>	<u>191,659</u>	<u>182,909</u>

The amount owing by subsidiaries are unsecured, bears costs of fund of 3.44% per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

15. CASH AND CASH EQUIVALENTS

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	15,978	15,887	-	-
Cash in hand and at banks	64,708	23,561	4,223	3,767
Cash and bank balances	80,686	39,448	4,223	3,767
Less : Deposits pledged with licensed banks	(6,155)	(5,940)	-	-
Cash and cash equivalents	74,531	33,508	4,223	3,767

The interest rates of deposits with licensed banks of the Group at the reporting date ranged from 0.01% to 2.50% (2021 : 0.01% to 1.85%) per annum. The maturities of deposits as at the end of the financial year range from 30 to 365 days (2021 : 30 to 365 days).

Included in the bank balances of the Group are amounts of RM16,533,843 (2021 : RM6,729,730) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and the balances thereon are restricted for use in other operation of the Group.

The interest rates for the deposits maintained in the Housing Development Accounts ranged from 0.50% to 1.45% (2021 : 0.50% to 2.05%) per annum.

The deposits that are not eligible for use by the Group are as follows:

- (i) Deposit amounting to RM4,478,256 (2021 : RM4,248,733) which is pledged as securities for banking facilities granted to the Group;
- (ii) Deposit amounting to RM25,800 (2021 : RM40,000) held in trust by a Director who served in a subsidiary which is pledged as securities for bank guarantee granted to the Group; and
- (iii) Placement of debt service reserve account of the Group amounting to RM1,651,125 (2021 : RM1,651,125) which is pledged as securities for bank borrowings granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

15. CASH AND CASH EQUIVALENTS (Cont'd)

The currency exposure profile of cash and cash equivalents is as follows:

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
Malaysian Ringgit	(MYR)	73,092	32,093	1,107	661
United States Dollar	(USD)	7,594	7,355	3,116	3,106
		<u>80,686</u>	<u>39,448</u>	<u>4,223</u>	<u>3,767</u>

16. SHARE CAPITAL

		----- Number of shares -----		----- Amount -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		'000	'000	RM'000	RM'000
<u>Issued and fully paid-up :</u>					
<u>Ordinary shares</u>					
At 1 January /31 December		<u>218,478</u>	<u>218,478</u>	<u>218,478</u>	<u>218,478</u>

17. RETAINED EARNINGS

Retained earnings is available for distributions by way of dividends. Under the single tier tax system, tax on the Company's profit is a final tax in Malaysia, and any dividends distributed are not taxable in the hands of the shareholders.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

18. OBLIGATION UNDER FINANCE LEASES

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Minimum finance lease payments :				
Not later than one (1) year	196	233	-	-
Later than one (1) year but not later than five (5) years	278	465	-	-
	474	698	-	-
Less : Future finance charges	(23)	(46)	-	-
Present value of minimum lease payments	451	652	-	-
Repayable as follows :				
Not later than one (1) year	182	211	-	-
Later than one (1) year but not later than five (5) years	269	441	-	-
	451	652	-	-

The effective interest rate of the finance lease during the year was 4.07% to 4.92% (2021 : 4.07% to 4.92%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

19. BANK BORROWINGS

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Secured:				
Term loans	35,892	37,531	3,477	3,298
Bridging loans	-	7,913	-	-
	35,892	45,444	3,477	3,298
Exchange differences	(179)	-	(179)	-
	35,713	45,444	3,298	3,298
Repayable as follows :				
Not later than one (1) year	7,604	13,238	3,477	3,298
Later than one (1) year but not later than five (5) years	28,058	27,063	-	-
After five (5) years	230	5,143	-	-
	28,288	32,206	-	-
	35,892	45,444	3,477	3,298

The effective interest rate of the bank borrowings during the year were as follows:-

Term loans	4.00% to 7.20% (2021 : 4.00% to 7.20%)
Bridging loans	6.20% (2021 : 6.20%)

The bank borrowings are secured by the following:-

- Legal charge on the investment property as disclosed in Note 6 to the financial statements;
- Legal charge on land held for property development as disclosed in Note 7 to the financial statements;
- Absolute legal assignment of rental proceeds under Tenancy Agreement;
- Specific debenture creating fixed and floating charge over a charged asset in relation to certain project developed by a subsidiary;
- Legal assignment of surplus from sale proceeds and all monies available in the Housing Development Account in relation to certain project developed by a subsidiary;
- Corporate guarantee by the Company given to subsidiaries; and

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

19. BANK BORROWINGS (Cont'd)

The bank borrowings are secured by the following:- (Cont'd)

- (vii) An irrevocable standby letter of credit in favour of the bank.

20. DEFERRED TAX LIABILITIES

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
At 1 January	9,041	10,077	-	-
(Reversal)/Recognition for the year (Note 29)	(634)	(1,036)	-	-
At 31 December	<u>8,407</u>	<u>9,041</u>	<u>-</u>	<u>-</u>

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

	Land held for development RM'000	Inventories and Property development expenditure RM'000	Property, plant and equipment and investment property RM'000	Total RM'000
At 1 January 2022	7,187	1,153	701	9,041
Recognition/(Reversal) for the year (Note 29)	-	(634)	-	(634)
At 31 December 2022	<u>7,187</u>	<u>519</u>	<u>701</u>	<u>8,407</u>
At 1 January 2021	7,167	2,209	701	10,077
(Reversal)/Recognition for the year (Note 29)	20	(1,056)	-	(1,036)
At 31 December 2021	<u>7,187</u>	<u>1,153</u>	<u>701</u>	<u>9,041</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

21. TRADE PAYABLES

	----- GROUP -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Trade payables	4,995	11,774
Retention sums	5,886	8,637
	<u>10,881</u>	<u>20,411</u>

The normal credit terms extended by contractors and suppliers range from 30 to 90 days (2021 : 30 to 90 days). The retention sums are payable upon the expiry of the defect liability period of 12 to 24 months (2021 : 12 to 24 months).

22. OTHER PAYABLES AND ACCRUALS

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Amount owing to subsidiaries	-	-	50,425	39,353
Other payables	13,620	6,209	-	-
Accruals	844	1,074	453	702
Provision for liquidated ascertained damages	153	153	-	-
	<u>14,617</u>	<u>7,436</u>	<u>50,878</u>	<u>40,055</u>

The amount owing to subsidiaries are unsecured, bears costs of fund of 1.82% to 3.44% per

Other payables are non-interest bearing and normally are settled on an average term of 90 days (2021 : 90 days).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

23. REVENUE

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Property development	64,354	75,069	-	-
Management fee	-	-	3,387	2,403
Rental income	738	738	-	-
	65,092	75,807	3,387	2,403
Less : Transaction costs	(253)	(387)	-	-
	64,839	75,420	3,387	2,403

Disaggregation of revenue

Set out below is the disaggregation of the Group's and the Company's revenue.

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Segments</u>	RM'000	RM'000	RM'000	RM'000
- Property investment and others	738	738	3,387	2,403
- Property development	64,101	74,682	-	-
	64,839	75,420	3,387	2,403

Timing of revenue recognition

	----- GROUP -----		
	Property Investment and others RM'000	Property development RM'000	Total RM'000
As at 31 December 2022			
- At a point in time	738	25,381	26,119
- Over time	-	38,720	38,720
	738	64,101	64,839
As at 31 December 2021			
- At a point in time	738	37,204	37,942
- Over time	-	37,478	37,478
	738	74,682	75,420

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

23. REVENUE (Cont'd)

Geographical markets

	----- GROUP -----		
	Property Investment and others RM'000	Property development RM'000	Total RM'000
As at 31 December 2022			
- Malaysia	738	64,101	64,839
As at 31 December 2021			
- Malaysia	738	74,682	75,420

24. COST OF REVENUE

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Property development	41,938	50,607	-	-
Rental	59	68	-	-
	41,997	50,675	-	-

25. FINANCE COSTS

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Interest expenses on :-				
Obligation under finance leases	22	34	-	-
Term loans	463	357	159	75
Bridging loans	143	554	-	-
	628	945	159	75
Other finance costs	11	7	(1)	-
Unsecured cost of fund	-	-	56	-
	639	952	214	75

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

26. PROFIT/(LOSS) BEFORE TAX

The following amounts have been included in arriving at profit/(loss) before tax :-

	Note	----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
After charging :-					
Directors' remuneration	27				
- Salaries and bonuses		1,860	1,860	450	450
- Allowances		90	90	90	90
- Fee		400	390	210	200
- Other emoluments		229	225	59	55
Auditors' remuneration					
- Current year		114	114	37	35
- Other services		36	33	4	4
Rental of office premises		509	466	500	456
Depreciation of property, plant and equipment	5	284	299	64	68
Amortisation of investment property	6	232	232	-	-
Property, plant and equipment written off		11	-	11	-
Written off - Others		1	-	-	-
Inventories value written down		228	-	-	-
Interest on obligation under finance leases	25	22	34	-	-
Term loan interest	25	463	357	159	75
Bridging loan interest	25	154	561	-	-
Unsecured cost of fund	25	-	-	56	-

The Directors' remuneration includes remuneration of RM517,100 (2021 : RM517,100) paid to Directors of subsidiaries not within the Board of Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

26. PROFIT/(LOSS) BEFORE TAX (Cont'd)

The following amounts have been included in arriving at profit/(loss) before tax (Cont'd) :-

		----- GROUP -----		----- COMPANY -----	
	Note	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
And crediting :-					
Management fee charged to subsidiaries	33(a)	-	-	3,387	2,403
Rental charged to a corporation in which a Director has financial interest	33(a)	24	24	24	24
Rental income	23	738	738	-	-
Interest income		365	391	1	1
Gain on disposal of property, plant and equipment		-	31	-	-
Gain on foreign exchange		-	7	-	-
- Realised		-	7	-	-
- Unrealised		219	145	-	1
Unsecured cost of fund		-	-	44	-

27. DIRECTORS' REMUNERATION

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Directors				
Executive :-				
Fee	400	390	210	200
Salaries, bonuses, allowances and other emoluments	2,089	2,085	509	505
Total Executive Directors' remuneration	2,489	2,475	719	705
Non-Executive :-				
Allowances	90	90	90	90
Total Non-Executive Directors' remuneration	90	90	90	90
	2,579	2,565	809	795

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

27. DIRECTORS' REMUNERATION (Cont'd)

The number of Directors of the Group and of the Company whose total remuneration paid during the financial year falling within the following bands are analysed as below :-

	----- GROUP -----		----- COMPANY -----	
	Number of Directors		Number of Directors	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Executive Directors :-				
Below RM50,000	-	-	-	-
RM50,001 to RM100,000	-	-	-	-
RM100,001 to RM200,000	1	1	1	1
RM200,001 to RM400,000	-	-	2	2
RM400,001 to RM600,000	2	2	-	-
RM600,001 to RM800,000	2	2	-	-
Non-Executive Directors :-				
Below RM50,000	3	3	3	3

28. STAFF COST

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Salaries, bonuses and allowances	3,183	3,130	2,650	2,588
EPF and SOCSO contributions	433	409	365	338
Other employee benefits	69	61	67	59
	<u>3,685</u>	<u>3,600</u>	<u>3,082</u>	<u>2,985</u>

Number of employees of the Group and the Company at the end of the financial year (excluding Directors) are 42 and 28 (2021 : 43 and 29) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

29. INCOME TAX EXPENSES

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
		RM'000	RM'000	RM'000	RM'000
Income tax expense:-					
Estimated current year tax		5,331	5,426	-	-
Under provision in previous year		27	2,525	-	-
		<u>5,358</u>	<u>7,951</u>	<u>-</u>	<u>-</u>
Deferred tax :-					
	Note				
(Reversal)/Recognition of temporary difference of deferred tax liabilities	20	(634)	(1,036)	-	-
Recognition of deferred tax income for the year:					
- Origination temporary difference		(492)	(254)	-	-
		<u>(1,126)</u>	<u>(1,290)</u>	<u>-</u>	<u>-</u>
Income tax expenses for the financial year		<u>4,232</u>	<u>6,661</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

29. INCOME TAX EXPENSES (Cont'd)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the financial years ended 31 December 2022 and 31 December 2021 are as follows:-

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	13,954	14,836	(1,796)	(2,477)
Tax at Malaysian statutory tax rate of 24% (2021 : 24%)	3,349	3,561	(431)	(594)
Adjustments:-				
Non-deductible expenses	512	591	27	43
Tax saving on utilisation of previously unrecognised tax losses	(103)	(23)	-	-
Income not subject to tax	-	(76)	-	-
Deferred tax asset not recognised in respect of current year tax losses	983	215	404	551
Deferred tax assets reversal/ (recognised) in respect of previously unrecognised tax losses	(536)	(132)	-	-
Under provision in previous year	27	2,525	-	-
Income tax expenses for the financial year	4,232	6,661	-	-

The Group's effective tax rate is higher than the Malaysian statutory tax rate of 24% primarily due to the progressive amortisation (through development cost) of the on-going development projects' revaluation surplus of the Group, which is not deductible for tax purposes and the impact from application of MFRS 15.

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

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses and unabsorbed capital allowances	13,732	12,240	11,561	9,816
Potential tax benefits calculated at 24% (2021 : 24%) tax rate	3,296	2,938	2,775	2,356

Deferred tax assets have not been recognised in respect of the above items as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

30. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the parent by the number of ordinary shares in issue during the financial year.

	----- GROUP -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Profit net of tax attributable to owners of the parent	9,714	8,166
	-----	-----
	----- Number of shares -----	
	'000	'000
Number of ordinary shares (Weighted average)	218,478	218,478
	-----	-----
	Sen per share	Sen per share
Basic earnings per share	4.45	3.74
	-----	-----

31. FINANCIAL INSTRUMENTS

(a) Classification, Fair Value and Other Disclosures (except for risks disclosures)

The following table analysed the financial assets and liabilities in the statements of financial position by class of financial instrument to which they are assigned:-

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Financial assets measured at amortised cost:	Note	RM'000	RM'000	RM'000	RM'000
Trade receivables	13	5,017	49,382	-	-
Other receivables and deposits (*)	14	10,018	5,150	191,626	182,906
Cash and cash equivalents	15	80,686	39,448	4,223	3,767
		-----	-----	-----	-----
		95,721	93,980	195,849	186,673
		-----	-----	-----	-----

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(a) Classification, Fair Value and Other Disclosures (except for risks disclosures)

Financial liabilities measured at amortised cost:	Note	----- GROUP -----		----- COMPANY -----	
		<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Trade payables	21	10,881	20,411	-	-
Other payables and accruals	22	14,617	7,436	50,878	40,055
Obligation under finance leases	18	451	652	-	-
Bank borrowings	19	35,892	45,444	3,477	3,298
		<u>61,841</u>	<u>73,943</u>	<u>54,355</u>	<u>43,353</u>

* Exclude prepayment

None of the financial assets were pledged as collateral for any liability or contingent liability. The income, expenses, gains or losses arising from the financial instruments of the Group and of the Company for the year are disclosed in Note 25 and 26 to the financial statements.

Determination of fair value

The management has determined that the carrying amounts of the above categories of financial instruments based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amount of non-current portion of borrowings reasonably approximate their fair value due to the insignificant impact of discounting.

Fair value hierarchy

As the financial assets and liabilities of the Group and the Company are not carried at fair value by any valuation method, the fair value hierarchy analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk, market price risk and interest rate risk. The Group does not hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks together with objectives and policies in managing these risks.

(i) Credit risk

The Group's and the Company's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from trade receivables and other receivables as well as cash and cash equivalents.

The Group and the Company manage its exposure to credit risk by the application of credits approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL") using a simplified approach. The ECL on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to trade receivables under financial distress, including but not limited to receivables under bankruptcy or under other financial reorganisation. Trade receivables are written off if the receivables are deemed by the Group and the Company not collectible.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure (Cont'd)

(i) Credit risk (Cont'd)

The aging of trade receivables is as follows :

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<u>2022</u>				
Not past due	23	-	-	23
<u>Past due but not impaired</u>				
1 to 30 days	902	-	-	902
31 to 60 days	1,378	-	-	1,378
61 to 120 days	740	-	-	740
Past due more than 121 days	1,974	-	-	1,974
	4,994	-	-	4,994
Gross receivables (Note 13)	5,017	-	-	5,017
<u>2021</u>				
Not past due	9,736	-	-	9,736
<u>Past due but not impaired</u>				
1 to 30 days	15,341	-	-	15,341
31 to 60 days	6,958	-	-	6,958
61 to 120 days	1,929	-	-	1,929
Past due more than 121 days	15,418	-	-	15,418
	39,646	-	-	39,646
Gross receivables (Note 13)	49,382	-	-	49,382

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to RM4.994 million (2021 : RM39.646 million) that are past due at the reporting date but not impaired, amongst which mainly consist of trade receivables that have obtained end financing or in the process of obtaining end financing to fund their purchase of the Group's development properties. The mitigations of credit risk on these receivables are the same with all the receivables arising from the purchase of properties where each and every purchaser is bound by the legally enforceable terms and conditions under an agreement to ensure adherence of payment against credit given.

Inter-company balances

The Company monitors the results of the subsidiaries on a regular basis for mitigating the credit risk on balances owing by related companies.

(ii) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirement.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within one (1) year RM'000	Between two (2) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<u>2022</u>				
Group				
Financial Liabilities :				
Trade payables	10,881	-	-	10,881
Other payables and accruals	14,617	-	-	14,617
Obligation under finance leases	182	269	-	451
Bank borrowings	7,604	28,058	230	35,892
	<u>33,284</u>	<u>28,327</u>	<u>230</u>	<u>61,841</u>
Company				
Financial Liabilities :				
Other payables and accruals	50,878	-	-	50,878
Bank borrowings	3,477	-	-	3,477
	<u>54,355</u>	<u>-</u>	<u>-</u>	<u>54,355</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure (Cont'd)

(ii) Liquidity risk (Cont'd)

<u>2021</u>	On demand or within one (1) year RM'000	Between two (2) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
Group				
Financial Liabilities :				
Trade payables	20,411	-	-	20,411
Other payables and accruals	7,436	-	-	7,436
Obligation under finance leases	211	441	-	652
Bank borrowings	13,238	27,063	5,143	45,444
	<u>41,296</u>	<u>27,504</u>	<u>5,143</u>	<u>73,943</u>
Company				
Financial Liabilities :				
Other payables and accruals	40,055	-	-	40,055
Bank borrowings	3,298	-	-	3,298
	<u>43,353</u>	<u>-</u>	<u>-</u>	<u>43,353</u>

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to foreign exchange rate risk is minimal and mainly through its placement of deposits which is pledged as securities for banking facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure (Cont'd)

(iv) Market price risk

Market price risk is the risk that fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are not exposed to market price risk.

(v) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of the changes in market interest rates.

The Group's exposure to interest rate risk for the financial year only arises primarily from their borrowings from obligation under finance leases, term loans and bridging loans.

The Group manages the net exposure to interest rate risk by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risk on an ongoing basis.

Management does not enter into interest rate hedging transactions since it considers that the cost of such instrument outweighs the potential risk of interest rate fluctuation.

The interest rate profile of the Group's interest-bearing financial instruments based on the carrying amount as at the reporting date is as follows:-

		-----2022-----		-----2021-----	
Group	Note	Effective interest rate (%)	RM'000	Effective interest rate (%)	RM'000
Financial liabilities					
Fixed rate instruments					
Obligation under finance leases	18	4.07 to 4.92	451	4.07 to 4.92	652
Floating rate instruments					
Term loans	19	4.00 to 7.20	35,892	4.00 to 7.20	37,531
Bridging loans	19	6.20	-	6.20	7,913

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

31. FINANCIAL INSTRUMENTS (Cont'd)

(b) Risks Disclosure (Cont'd)

(v) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	----- GROUP -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Profit after tax		
- Increase by 1%	(359)	(454)
- Decrease by 1%	359	454

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital plus net debts. The Group includes within net debts are trade and other payables, obligation under finance leases and bank borrowings less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

32. CAPITAL MANAGEMENT (Cont'd)

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Trade payables	10,881	20,411	-	-
Other payables and accruals	14,617	7,436	50,878	40,055
Obligation under finance leases	451	652	-	-
Bank borrowings	35,892	45,444	3,477	3,298
	61,841	73,943	54,355	43,353
Less : Cash and cash equivalents	(80,686)	(39,448)	(4,223)	(3,767)
Net debts	(18,845)	34,495	50,132	39,586
Total capital	312,119	302,405	270,375	272,171
Capital and net debts	293,274	336,900	320,507	311,757
Gearing ratio	Nil	10%	16%	13%

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Related Party Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms and conditions mutually agreed between the parties during the financial year:-

		----- GROUP -----		----- COMPANY -----	
		<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	Note	RM'000	RM'000	RM'000	RM'000
Management fees charged to subsidiaries	26	-	-	3,387	2,403
Office rental charged to a corporation in which a Director, Dato' Yap Jun Jien has financial interest	26	24	24	24	24
Unsecured cost of fund	26	-	-	12	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

(b) Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of key management personnel during the financial year is as follows:

	----- GROUP -----		----- COMPANY -----	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	4,091	4,079	2,412	2,422
Defined contribution plan	466	444	283	263
Estimated monetary value of benefit-in-kind	-	-	-	-
	<u>4,557</u>	<u>4,523</u>	<u>2,695</u>	<u>2,685</u>
Comprised amounts paid to :				
Directors (Note 26 and 27)	2,579	2,565	809	795
Other key management personnel	1,978	1,958	1,886	1,890
	<u>4,557</u>	<u>4,523</u>	<u>2,695</u>	<u>2,685</u>

34. MATERIAL LITIGATIONS

The Group and the Company are not engaged in any material litigation.

35. CONTINGENT LIABILITIES

	----- COMPANY -----	
	<u>2022</u>	<u>2021</u>
	RM'000	RM'000
Corporate guarantee given to financial institutions to secure banking facility granted to subsidiaries	35,892	45,444
Corporate guarantee given to a financial institution to secure finance leases granted to a subsidiary	213	278
	<u>36,105</u>	<u>45,722</u>

The Directors do not anticipate any loss from the above transactions.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31 DECEMBER 2022

NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2022

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

GROUP	Obligation under finance lease	---- Bank Borrowing ----		Unsecure Cost of fund	Total
	RM'000	Term loans RM'000	Bridging loans RM'000	RM'000	
1 January 2022	652	37,531	7,913	-	46,096
Interest charged (Note 25)	22	463	143	11	639
Repayment	(201)	(1,639)	(7,913)	-	(9,753)
Interest paid (Note 25)	(22)	(463)	(143)	(11)	(639)
Exchange differences	-	(179)	-	-	(179)
31 December 2022	451	35,713	-	-	36,164
1 January 2021	990	33,842	7,529	-	42,361
Loan drawdown	-	4,548	5,000	-	9,548
Interest charged (Note 25)	34	357	561	-	952
Repayment	(338)	(859)	(4,616)	-	(5,813)
Interest paid (Note 25)	(34)	(357)	(561)	-	(952)
31 December 2021	652	37,531	7,913	-	46,096

LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

No.	Land Title / Location	Tenure	Land Area ¹ (Acres)	Year of Acquisition	Net Carrying Amount (RM'000)
Land Under Development					
1.	Lot 123225 & 123226, Mukim Klang, District of Klang, Selangor.	Freehold	6.175	2010	32,756
Investment Property					
2.	Lot PT 1506, Pekan Jenjarom, District of Kuala Langat, Selangor.	Freehold ²	4.348	2010	17,659
Land Held For Development					
3.	Lot 1213, Mukim Cheras, Daerah Ulu Langat, Selangor.	Freehold	5.067	2008	12,271
4.	Lot PT 2503 & 2498, Pekan Jenjarom, District of Kuala Langat, Selangor.	Freehold	8.325	2010	3,610
5.	Lot 44095, Mukim Dengkil, District of Sepang, Selangor.	Leasehold (05.03.2091)	13.494	2015	20,737
6.	Lot 103532, Mukim Dengkil, District of Sepang, Selangor.	Leasehold (05.03.2091)	10.828	2015	19,023
7.	Lot PT 10316, Mukim Rawang, Daerah Gombak, Selangor.	Leasehold (24.11.2093)	41.500	2015	48,332
8.	Lot 183195 PN115447, Mukim Klang, Daerah Klang, Selangor.	Leasehold (21.04.2107)	123.454	2019	52,827
9.	Geran Mukim 1941 & 1274, Lot No.1793 & 1794, Tempat Batu 17 ½ Jalan Reko, Mukim Kajang, Daerah Hulu Langat, Selangor.	Freehold	5.438 (60%)	2020	15,107
10.	Geran Mukim 1312 to 1319 & 2087, Lot No.186 to 192, 686 & 1686, Tempat Sungei Trap, Mukim of Hujung Permatang, Daerah Kuala Selangor, Selangor	Freehold	43.656	2021	23,612
11.	PN 48507 & 48508, Lot 374 & 9225, Pekan Lukut, Mukim Port Dickson, Daerah Port Dickson, Negeri Sembilan.	Leasehold (07.07.2113)	20.010	2022	10,202

Note :

¹ Approximate area

² Approximate age of the building is 16-year. The building is a 1 ½ storey and tenanted to a hypermarket.

ANALYSIS OF SHAREHOLDINGS

AS AT 23 MARCH 2023

SHARE CAPITAL

Total Issued Capital : 218,478,320 Ordinary Shares
Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

SHAREHOLDING DISTRIBUTION SCHEDULE

(As per the Record of Depositors)

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Shares
Less than 100	154	5,077	^
100 – 1,000	1,238	575,305	0.26
1,001 – 10,000	494	1,588,485	0.73
10,001 – 100,000	94	2,895,465	1.32
100,001 to less than 5% of issued shares	29	78,555,036	35.96
5% and above of the issued shares	5	134,858,952	61.73
Total	2,014	218,478,320	100.00

^: Less than 0.01%

SUBSTANTIAL SHAREHOLDERS

(As per the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct	No. of Shares %	Indirect	%
Kinta Aroma Sdn. Bhd.	110,902,200	50.76	-	-
Dato' Sri Yap Seng Yew	6,621,600	3.03	117,589,583~	53.82
Datin Sri Gan Li Li	6,687,383	3.06	117,523,800~	53.79
Dato' Yap Jun Jien	16,693,302	7.64	110,902,200+	50.76
Yap Jun Wei	17,263,450	7.90	110,902,200+	50.76

Notes:

- ~ Deemed interest by virtue of his/her direct shareholding in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of his/her spouse's direct shareholding in the Company.
- + Deemed interest by virtue of his direct shareholding in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

Name of Directors	Direct	No. of Shares %	Indirect	%
Dato' Sri Yap Seng Yew	6,621,600	3.03	134,853,033@	61.72
Datin Sri Gan Li Li	6,687,383	3.06	134,787,250@	61.69
Dato' Yap Jun Jien	16,693,302	7.64	113,112,208#	51.77
Lee Boon Hong @ Lee Boon Keong	-	-	-	-
Mohd Shafizan Bin Shahbudin	-	-	-	-
Tan Kak Teck	22,050	0.01	-	-

Notes:

- @ Deemed interest by virtue of his/her direct shareholding in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of his/her spouse's and child's direct shareholdings in the Company.
- # Deemed interest by virtue of his direct shareholding in Kinta Aroma Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and by virtue of his spouse's direct shareholding in the Company.

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 23 MARCH 2023

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (As per the Record of Depositors)

No.	Name of Shareholders	No. of Shares	%
1.	Kinta Aroma Sdn. Bhd.	40,912,200	18.73
2.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account - AmBank (M) Berhad for Kinta Aroma Sdn. Bhd.	36,000,000	16.48
3.	Kinta Aroma Sdn. Bhd.	23,990,000	10.98
4.	Yap Jun Wei	17,263,450	7.90
5.	Dato' Yap Jun Jien	16,693,302	7.64
6.	AMSEC Nominees (Tempatan) Sdn. Bhd. - Pledged Securities Account for Kinta Aroma Sdn. Bhd.	10,000,000	4.58
7.	HLIB Nominees (Tempatan) Sdn. Bhd. - Nyew Heng Chuan	9,900,000	4.53
8.	Dato' Muthanna Bin Abdullah	9,000,000	4.12
9.	Gan Chee Wah	8,000,000	3.66
10.	HLIB Nominees (Tempatan) Sdn. Bhd. - Seo Eng Lean	4,793,450	2.19
11.	HLIB Nominees (Tempatan) Sdn. Bhd. - Teo Cheng Chuan	4,793,450	2.19
12.	Gan Kee Den	4,540,900	2.08
13.	Datin Sri Gan Li Li	4,098,683	1.88
14.	Dato' Sri Yap Seng Yew	4,098,600	1.88
15.	HLIB Nominees (Tempatan) Sdn. Bhd. - Cham Chean Fong @ Sian Chean Fong	2,700,000	1.24
16.	Datin Sri Gan Li Li	2,588,700	1.18
17.	Dato' Sri Yap Seng Yew	2,523,000	1.15
18.	Datin Teh Mi Mi	2,210,008	1.01
19.	Gan Li Ching	1,772,650	0.81
20.	Ang Kok Thye	1,061,400	0.49
21.	Bakal Sempurna Sdn Bhd	783,300	0.36
22.	Ang Ah Buay	774,590	0.35
23.	Rigap Capaian Sdn. Bhd.	732,350	0.34
24.	LRC Tech (M) Sdn. Bhd.	650,000	0.30
25.	Saham Megah Sdn. Bhd.	601,900	0.28
26.	Phuar Sok Khim	524,900	0.24
27.	Tan Wah Kok	498,000	0.23
28.	Gan Li Ching	457,600	0.21
29.	Empayar Padu Sdn. Bhd.	358,280	0.16
30.	Lim Ee Seong	338,800	0.15
TOTAL		212,659,513	97.34

Y&G CORPORATION BHD. 196501000612 (6403-X)

(Incorporated in Malaysia)

CDS ACCOUNT NO.				-			-								
NO. OF SHARES HELD															

FORM OF PROXY

I/We _____ NRIC/Company No. _____
(full name in BLOCK LETTERS)

of _____
(full address)

(Contact No./Email: _____)

being a member(s) of **Y&G CORPORATION BHD. 196501000612 (6403-X)**, hereby appoint

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholdings to be Represented (Refer to Note iv)
Address		
Contact No.:	Email:	

and/or failing him

Name of Proxy (Full Name)	NRIC No./Passport No.	% of Shareholdings to be Represented (Refer to Note iv)
Address		
Contact No.:	Email:	

or failing him, the CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Fifty-Seventh Annual General Meeting ("**57th AGM**" or "**Meeting**") of the Company to be held and conducted on a virtual basis through live streaming and online remote voting via online meeting platform at www.swsb.com.my provided by ShareWorks Sdn. Bhd. from the Broadcast Venue at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia on **Wednesday 31 May 2023 at 11.00 a.m.**, and at any adjournment thereof.

ORDINARY RESOLUTION		FOR	AGAINST
1	Payment of Directors' fees for the financial year ended 31 December 2022		
2	Re-election of Mr. Lee Boon Hong @ Lee Boon Keong as Director of the Company		
3	Re-election of Dato' Yap Jun Jien as Director of the Company		
4	Re-appointment of Auditors		
5	Payment of Directors' Allowances to Non-Executive Directors		
6	Retention of Mr. Lee Boon Hong @ Lee Boon Keong as Independent Non-Executive Director		
7	Retention of Encik Mohd Shafizan bin Shahbudin as Independent Non-Executive Director		
8	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

Please indicate with an "X" in the space provided above on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

Dated this _____ day of _____ 2023

Signature(s) of member(s)

Notes:

- The 57th AGM will be held and conducted on a virtual basis through live streaming and online remote voting using remote participation and voting ("**RPV**") facilities.
- The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the 57th AGM.

No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the 57th AGM.



FORM OF PROXY (Cont'd)

- (iii) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors of the Company) and vote in his/her/its stead.

A member who wishes to appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote at the 57th AGM via the RPV facilities must request his/her/its proxy(ies)/corporate representative(s)/attorney(s) to register himself/herself/themselves for the RPV facilities at www.swsb.com.my. Please read and follow the procedures as set out in the Administrative Guide of the 57th AGM which can be downloaded from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com in order to register, participate and vote remotely via the RPV facilities.
- (iv) A member of the Company may appoint not more than two (2) proxies to attend the Meeting, provided that the member specifies the proportion of his/her/its shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- (v) A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- (vi) 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 shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (vii) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the share registrar office of the Company, ShareWorks Sdn. Bhd. at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (viii) Subject to the Constitution, members may deposit the instrument appointing the proxy(ies) by electronics means by way of submitting the instrument to the e-mail address ir@shareworks.com.my not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- (ix) An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
- (x) For the purpose of determining a member who shall be entitled to attend the 57th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 80(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 24 May 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 24 May 2023 shall be eligible to attend, participate and vote at the Meeting or appoint proxy(ies)/corporate representative(s)/attorney(s) to attend, participate and vote on his/her/its behalf.
- (xi) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

Personal Data Privacy:

By lodging of a completed Form of Proxy to the share registrar office of the Company for appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate and vote at the 57th AGM or any adjournment thereof, the member accepts and agrees to the personal data privacy terms as set out in the Notice of 57th AGM dated 28 April 2023.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Share Registrar
Y&G CORPORATION BHD. 196501000612 (6403-X)
SHAREWORKS SDN. BHD.
NO. 2-1, JALAN SRI HARTAMAS 8
SRI HARTAMAS
50480 KUALA LUMPUR
WILAYAH PERSEKUTUAN (KL)
MALAYSIA

1st fold here





Y&G CORPORATION BHD 196501000612 (6403-X)

Lot G-01 Ground Floor Tower B, PJ City Development
No.15A, Jalan 219, Seksyen 51A, 46100 Petaling Jaya, Selangor

Tel: (603) 7876 1188
Fax: (603) 7874 3788

www.ygcorp.com.my