MUDAJAYA GROUP BERHAD

200301003119 (605539-H)

ADVANCING THE
FUTURE
TOGETHER

ANNUAL REPORT 2022

AT A
GLANCE

TOTAL
REVENUE
**RM305.2
MILLION**

OPERATING
PROFIT
**RM48.2
MILLION**

OVER
50 YEARS
OF
EXPERIENCE

TOTAL
ASSETS
**RM1.9
BILLION**

ADVANCING THE FUTURE TOGETHER

The cover design connotes all of Mudajaya's business segments weaved together in a cohesive and consolidated fashion.

Its core activities span across the earth, steadily, moving ahead, its long-term vision of building a foundation of resilience as the Group strives to produce sustainable growth and value for its shareholders.

OUR PRIDE

FIRST CONSTRUCTION COMPANY IN MALAYSIA CERTIFIED FOR THE ISO 37001: 2016 ANTI-BRIBERY MANAGEMENT SYSTEM (ABMS), WITH ACCREDITATION FROM UNITED KINGDOM ACCREDITATION SERVICE (UKAS)

AWARDED 5-STAR IN THE SAFETY AND HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION FROM CIDB MALAYSIA

ACHIEVED 4-STAR IN THE CIDB SCORE ASSESSMENT

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

27 MAY 2022

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2022

29 AUGUST 2022

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2022

29 NOVEMBER 2022

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2022

28 FEBRUARY 2023

Announcement of the unaudited consolidated results for the 4th quarter and financial year ended 31 December 2022

20TH ANNUAL GENERAL MEETING

DATE: 15 JUNE 2023
TIME: 2.30 p.m.
BROADCAST VENUE: Level 11, Menara Mudajaya

28 APRIL 2023

Notice of **20th Annual General Meeting** and issuance of **Annual Report 2022**

WHAT'S INSIDE
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The online version of Mudajaya Group Berhad's ("**Mudajaya**") Annual Report 2022 is available from our website. Go to **https://www.mudajaya.com** or scan the QR code with your smartphone.

1. Download the "QR Code Reader" on Apple App Store or Google Play Store.
2. Run the QR Code Reader app and point your camera to the QR Code.
3. Get access to our online version of Mudajaya's Annual Report 2022.

REPORTING SCOPE AND BOUNDARIES

OUR VISION

To be the preferred leader in the Construction, Property Development and Renewable Energy industry.

To provide good infrastructure and energy requirement to society.

Strive in looking ahead beyond expectations and goals by integrating technical excellence, commitment and leveraging on the competency of our people.

OUR MISSION

Committed to continuously improve performance by meeting international quality standards, timely completion, customer satisfaction and enhancement of shareholders value.

Committed to improve overall to continuously attract, engage, retain and develop human capital.

WE CONTINUE TO STRENGTHEN OUR POSITION BY COLLABORATING WITH OUR CRITICAL STAKEHOLDERS TO MEET THE CURRENT AND FUTURE CHALLENGES OF OUR BUSINESS, CREATING VALUE.

OUR CORPORATE VALUES

The essence of Mudajaya's corporate culture is captured succinctly by the acronym, TULIP and signifies five distinct values which guide the organisation's principles and practices in its never-ending journey for excellence. Each value is set out below:

TRUST

Trust is the basis of all good relationships, be it personal or at work. Being open, transparent and respectful

UNITY

Unity is strength, when there is teamwork, where people come together and collaborate, wonderful things can be achieved and success is inevitable

LEARNING

Change is the result of all true learning where there is no beginning and no end but continuous improvement and growth. We advance together

INTEGRITY

Consistency in our actions, values, methods, measures & principles, expectations and outcomes

PROGRESSION

Success is the progressive realisation of a worthy goal or ideal, step up to challenges

REPORTING SCOPE AND BOUNDARIES
(CONTINUED)

MUDAJAYA GROUP PROFILE

MUDAJAYA GROUP BERHAD ("MUDAJAYA" OR THE "COMPANY") AND ITS SUBSIDIARIES ARE PRIMARILY INVOLVED IN CONSTRUCTION, PROPERTY DEVELOPMENT, POWER, MANUFACTURING AND TRADING. CONSTRUCTION, UNDERTAKEN BY MUDAJAYA CORPORATION BERHAD (MCB), IS THE MAIN CONTRIBUTOR TO THE GROUP'S REVENUE. MCB IS INVOLVED IN GENERAL CONSTRUCTION, IN PARTICULAR CIVIL ENGINEERING AND BUILDING CONSTRUCTION ON BOTH DESIGN AND BUILD, AS WELL AS CONVENTIONAL CONSTRUCTION, CONTRACTS FOR GOVERNMENT, QUASI-GOVERNMENT AND THE PRIVATE SECTOR.

The Mudajaya Group has been involved in a portfolio of contracts (some of which were on joint venture basis) of national relevance, including critical infrastructures such as highways, roads, bridges, power stations, buildings, infrastructure, marine structures, dams and retaining structures, water supply works, drainage and sewerage works.

In fulfilling our purpose of 'Advancing the Future Together', we continue to be committed to progress towards building a more dynamic future for all. The Group remains optimistic of its current market position as well as its future prospects with a strong financial base, experienced management and skilled workforce. Our positive outlook is reinforced by our capacity to design and build, our expertise in power plants and tall chimneys, the potential to diversify and a good business strategy. Collectively, these strengths will put us in good stead to further excel in the business undertaken by the Group.

At Mudajaya, we believe in collaboration as a team - within the organisation as well as with our valued clients - we can step together to meet current and future challenges with confidence, energy and determination.

REPORTING SCOPE AND BOUNDARIES
(CONTINUED)

ABOUT THIS REPORT

This report focuses on the sustainability strategy, current performance and future plans of the Group; namely on the material Economic, Environmental, Social and Governance aspects of business operations. Utilising this format of reporting represents the Group's commitment to transparency and quality disclosures on our business performance and our ability to create value for our multiple stakeholders. This report aligns with the content elements suggested by the International Integrated Reporting Council (IIRC) and includes components such as consistency and comparability, strategic focus and future orientation. This report includes both financial and non-financial performance indicators. Our objective is to provide an innovative and effective way to communicate the Group's ability to create value in a sustainable manner over time as we continue to embed integrated thinking into all our decision-making processes that drive positive change.

Since year 2017 our annual integrated reports have incorporated our sustainability results with the strategy for our business. In developing this report, we considered input from our many stakeholders as we continued to work on strengthening our strategy formulation and data collection processes and mechanisms. This 2022 report serves as a communications tool and provides a perspective on the issues that matter to our stakeholders; both in the near-term as well as long-term.

Our financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and the requirements of the Companies Act 2016 in Malaysia. We also adhered to Bursa Malaysia Securities Berhad's Main Market Listing Requirements and their Sustainability Guidelines, as well as the Malaysian Code on Corporate Governance 2017 released by the Securities Commission.

REPORTING SCOPE AND BOUNDARY

This integrated annual report covers Mudajaya Group's financial and non-financial performance for the period 1 January 2022 to 31 December 2022. This report covers information on our operations of Mudajaya Group Berhad, as well as our core sectors including construction, property development, power, manufacturing and trading. The scope includes our Group performance in the context of governance, risks, opportunities, prospects and sustainability.

As we transition into our fifth year of integrated reporting, we have taken great care in providing accurate data and information to the best of our knowledge and ability. We continue with our efforts to influence sustainability practices along our value chain and we intend to extend them significantly in the years to come.

MATERIALITY DETERMINATION

Materiality determination remains a critical element in defining the strategies that we deploy towards value creation. Mudajaya conducted materiality assessment and prioritisation exercise on sustainability issues in year 2018 and 2021 using interviews and surveys of all key stakeholder groups. The issues ranged from material issues on the company's business operations, and issues that the stakeholders regarded as important and expected from the organisation. The process of materiality assessment was conducted based on prescribed guidelines of the Global Reporting Initiative (GRI) Standards.

The Board, specifically the Audit and Risk Management Committee, maintains its central role in continuously evaluating the Group's current and emerging risks as well as opportunities for growth and expansion.

FORWARD-LOOKING STATEMENTS

Certain statements in this report regarding our business operations and strategies may constitute forward-looking statements and can be identified by words such as 'believes' 'anticipates', 'expects', 'intends', 'may', 'will', 'plan' or any other words of similar meaning which indicate a future operating or financial performance. Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting our stakeholders understand our financial position, objectives and priorities.

Such statements are necessarily dependent on assumptions, methods or data that may later be imprecise or incorrect and as such are not guaranteed to be an indicator of future results. Instead, these constitute our expectations based on reasonable assumptions and may change as a result of unexpected events, risks, uncertainties or other factors.

STATEMENT OF THE BOARD OF DIRECTORS OF MUDAJAYA GROUP

The Board acknowledges responsibility for the presentation, integrity and completeness of the Integrated Report. The Board confirms that it has collectively reviewed the content of the Integrated Report and is satisfied that this Integrated Report is a fair representation of the performance of the Group for the year under review.

REPORTING PRINCIPLES

MUDAJAYA GROUP BERHAD
200301003119 (605539-H)

TRANSPARENCY

Transparency in business is a driver for exponential progress and promotes all-round satisfaction to all stakeholders. Thus, we have included disclosures providing our stakeholders with a clearer understanding of our businesses and our value proposition. As we continue to meet all compliance requirements, we are still improving on the quality of our reporting.

BALANCED INFORMATION

We have attempted to share information on our successes as well as challenges during the reporting year. We strongly believe that balanced information will help our stakeholders to evaluate our performance holistically.

COMPARABILITY

As with our previous Integrated Reports, wherever possible we have also included data for a minimum of three (3) years to allow for comparisons and to reflect on our progress year-on-year. Comparability will allow our stakeholders to more accurately assess the Group's development and its future aspirations.

STAKEHOLDER ENGAGEMENT & MATERIALITY

STAKEHOLDER ENGAGEMENT

STAKEHOLDER ENGAGEMENT IS A NECESSARY COMPONENT OF SUSTAINABLE, LONG-TERM BUSINESS SUCCESS, AND WE MUST PROACTIVELY ADDRESS THE NEEDS AND INTERESTS OF EMPLOYEES, CUSTOMERS, SUPPLIERS AND THE WIDER COMMUNITY IN ORDER TO EFFECTIVELY BUILD TRUST AND COMMUNICATION.

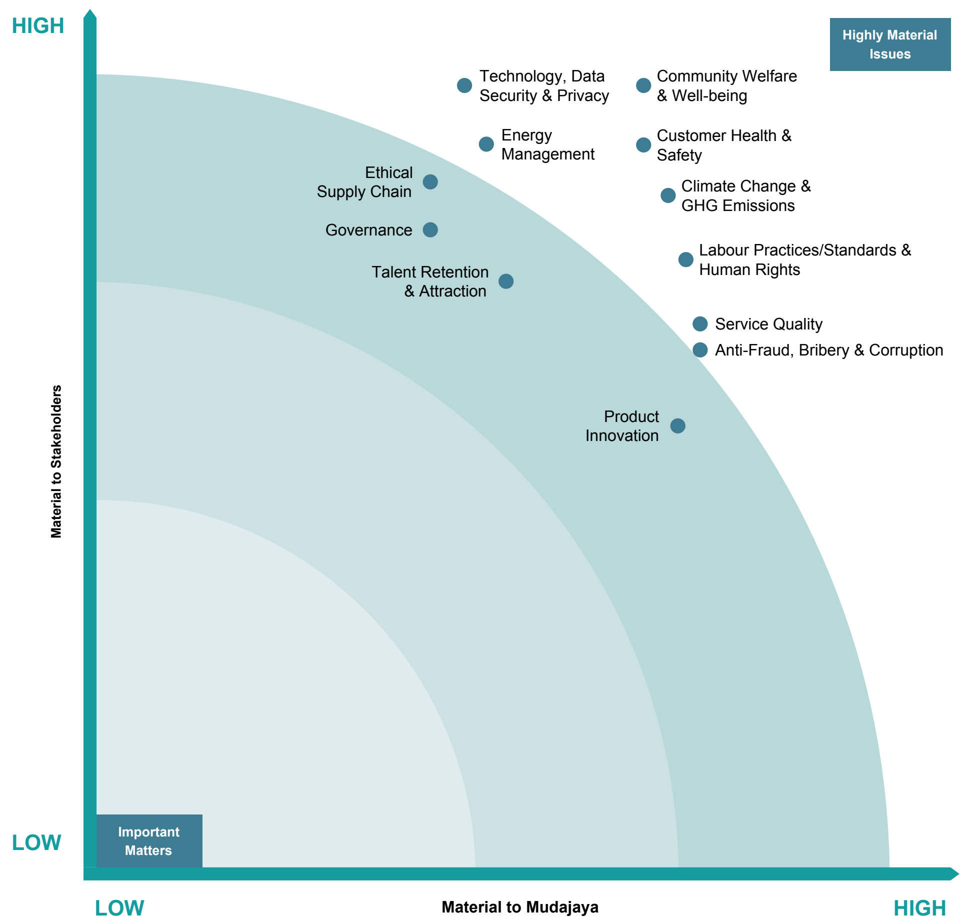
Below is a list of our priority stakeholders, the different modes and frequency of our engagement and the top concerns raised by each of the stakeholder groups.

STAKEHOLDERS	MODE OF ENGAGEMENT & FREQUENCY
CUSTOMERS & PARTNERS	• Meetings (Quarterly)
EMPLOYEES	• Management-Staff Reviews (Monthly); • Appraisals (Yearly); • Internal Employee Gatherings/ Events (Monthly); • Online staff engagement, meetings and briefings (Ad-hoc); and • Sports activities (Weekly)
REGULATORS & POLICY MAKERS	• Meetings (Quarterly & Yearly)
SUPPLIERS	• Performance Reviews (Half-yearly); and • Procurement Processes (Half-yearly)
COMMUNITIES	• Communities Events & Participation Co-organised (Ad-hoc)

MATERIAL TOPICS AND OUR RESPONSE

EVALUATION OF MATERIALITY ASSESSMENT IS A VITAL PART OF OUR SUSTAINABILITY REPORTING EXERCISE. THE PROCESS ALLOWS US TO BETTER ALIGN OUR REPORTING CONTENT TO VARIOUS STAKEHOLDERS' AREAS OF INTEREST WHILE DEFINING OUR BOUNDARIES.

In year 2022, we continue to assess our material ESG topics via engagements and surveys to help us align our sustainability journey and report on key issues that can significantly affect our stakeholders and business growth. All the material topics identified previously remain unchanged.



STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

ECONOMIC
- Anti-Fraud, Bribery & Corruption
- Ethical Supply Chain
- Governance
- Service Quality
- Product Innovation

ENVIRONMENTAL
- Climate Change & GHG Emissions
- Energy Management

SOCIAL
- Labour Practices/ Standards & Human Rights
- Technology, Data Security & Privacy
- Community Welfare & Well-Being
- Customer Health & Safety
- Talent Retention & Attraction

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
1. TALENT RETENTION & ATTRACTION (Compensation and Remuneration; Engagement; Training & Development) **Capital Inputs:** Financial Capital Human Capital	Talent is extremely critical to seamless delivery of business objectives. Skill-gaps, talent crunch and productivity of talent can directly impact the performance of the organisation, as well as its ability to attract new talent as an employer.	**Risk** Impacts Group's productivity and performance. **Opportunity** Talent retention and attraction through attractive career prospects and employee development policies, positioning Mudajaya as an employer of choice.	• To develop the organisation's brand to attract more experienced and dynamic workforces. • To benchmark with other similar industries to remain competitive in terms of compensation and remuneration.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
2. SERVICE QUALITY **Capital Inputs:** Intellectual Capital Human Capital	Quality of products and services are important in instilling trust amongst our stakeholders and earning credibility for long-term reputation as a business committed to excellence. Poor quality can negatively affect customer/ stakeholders' disposition towards the organisation and its services.	**Risk** Bad reputation and loss of credibility in the industry. **Opportunity** Strengthen customer loyalty and secure repeat businesses.	We take pride in our commitment to quality in construction work, materials used and workmanship. **CONSTRUCTION & PROPERTY** • To ensure good understanding and full compliance of project specifications. • To provide necessary training to all our technical staff, covering knowledge of latest technologies. • To comply with QLASSIC quality standards and apply for QLASSIC Assessment for our building projects. • To comply with ISO 9001:2015 and maintain Quality Management System ("QMS") Certification. **POWER** • To engage with relevant authorities, strengthen relationships and collaborate where possible. • To ensure our plants are operating at optimum levels and in compliance with the contracts. • To promote sustainable and renewable energy/green technology. **MANUFACTURING** • To maintain the latest edition of quality management standards - QMS ISO 9001: 2015. • To ensure compliance with approved standard operating procedures ("SOPs") via verification by independent Certification Body.
3. GOVERNANCE (Regulatory Compliance; Industry Thought Leadership) **Capital Input:** Intellectual Capital	Principles of good governance help to protect the integrity of the organisation and its people, while safeguarding the business against ill-practices and non-compliance with laws and regulations.	**Risk** Losing license to business or financial losses due to regulatory fines and sanctions. **Opportunity** Build reputation that can help forge new business partnerships.	• To ensure the principles and best practices of good corporate governance are applied throughout the Group's operations, in keeping with the prescriptions of the Malaysian Code on Corporate Governance 2021. • Comply with the current regulators' requirements in construction, property development, power and manufacturing segments. • To ensure compliance with the Anti-Bribery Management System ("ABMS") requirement under ISO 37001: 2016.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
4. ETHICAL SUPPLY CHAIN **Capital Inputs:** Manufactured Capital Human Capital	Ethical, fair and transparent supply chain management including selection of sustainable suppliers and support for local suppliers. This is important to ensure suppliers are competent to deliver to organisation's expectation of quality.	**Risk** Negative reputational impact, poor project performance and regulatory fines and sanctions. **Opportunity** Create income opportunities and also improve performance through quality and diverse selection of suppliers.	The Group has adopted a centralised procurement system; with approved SOPs that are in compliance with ISO standards. • To select suppliers or contractors with consideration of the price/experience & expertise/sufficient resources and strong financial positions, in addition to various sustainability considerations. • To reassess the performance of the suppliers or contractors from the approved suppliers or contractors list every 6 months. • To conduct Pre-Q exercise for potential suppliers or contractors. • To evaluate new suppliers or contractors based on the criteria as specified in the Evaluation Form before recommending to the Managing Director and/or tender committee for approval. • To continuously source for new suppliers or contractors to ensure on-time delivery of goods or services and maintain a good reputation of the Group.
5. COMMUNITY WELFARE & WELL-BEING **Capital Inputs:** Social Capital Human Capital Financial Capital	Responsible corporate citizens earn more credibility and successfully instil a sense of pride in association amongst employees and stakeholders, contributing to the overall reputation and business.	**Risk** Poor ad-hoc adoption and implementation affecting Group's reputation. **Opportunity** Shape favourable employee, stakeholder, and community perceptions.	We provide financial assistance to support various Community Engagement programmes, with a focus on education and the underprivileged or disadvantaged members of the society. • To allow annual budget for Corporate Social Responsibility ("CSR") activities. • To encourage employee volunteerism. We are committed to environmental and waste management through "Reduce, Reuse & Recycle". • To consider environmental impact on activities with appropriate preventive actions and implementation of best environmental practices. We strongly advocate 'Good Health and Safety' culture in our workplace. • To comply with Health, Safety and Environment legislations. • To familiarise all employees and stakeholders with training, information and facilities available. We also promote Community Living via property development. • To prioritise amenity facilities such as park/bus stop/market/town square for events in the township.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
6. TECHNOLOGY, DATA SECURITY & PRIVACY **Capital Inputs:** Financial Capital Intellectual Capital	Managing customers' data privacy and continuously strengthening its capability in cyber security.	**Risk** Data leaks, breach of customer confidentiality. **Opportunity** Strengthen trust amongst customer/ stakeholder relationships and Mudajaya's safe and secure technology platforms.	We respect compliance to Personal Data Protection Act ("PDPA"). • To adhere strictly to protect data and information under the non-disclosure agreement. • To take stern disciplinary action to those who compromise data leakage and breach of customers' confidentiality.
7. CUSTOMER HEALTH & SAFETY **Capital Inputs:** Intellectual Capital Human Capital	Systematic efforts in ensuring that its products and services are safe for consumers reinforce the company's commitment to quality and excellence.	**Risk** Bad reputation and poor customer loyalty. **Opportunity** Positioning of customer-centric solutions to grow business.	**ENFORCEMENT OF HEALTH, SAFETY AND ENVIRONMENT MANAGEMENT SYSTEM** • To comply with Environmental Management System (ISO 14001: 2015) and Occupational Health and Safety Management System (ISO 45001: 2018) in our business units. **CONSTRUCTION** • To ensure all the safety personnel are competent and well trained. • Safety team should be independent and report directly to project director & directly access to senior management (commitment and responsibility of safety flow from top management to bottom). **POWER** • To engage with third party consultant to regularly check on critical equipment and system at our solar plants and thermal plants. **PROPERTY** • To set up an efficient pre-management team to ensure safety & cleanliness of the projects. • To prioritise on safety and environmental consideration during the design development phase. **MANUFACTURING** • To obtain approval from consultant or client on production materials. • To obtain approval from customers on transportation plan before delivery.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
8. PRODUCT INNOVATION **Capital Inputs:** Manufactured Capital Intellectual Capital Financial Capital	Development and introduction of new products to meet the dynamic needs of the customers. Keep pace with technology advancements that will reflect and reinforce Mudajaya's competitiveness.	**Risk** Loss of competitive edge and market position. **Opportunity** Value creation for both the industry and the customers through innovative solutions.	**CONSTRUCTION** • To optimise the design to improve productivity and efficiency in construction. • To explore and invest in new technology. **POWER** • To continuously improve Operation & Management methodology and adopt latest technology in new plants. **PROPERTY** • To promote eco-living, green sustainable living, eco-friendly environment. **MANUFACTURING** • To explore new technology for concrete design mix in order to improve the cycle time for better concrete quality.
9. ANTI-FRAUD, BRIBERY & CORRUPTION **Capital Input:** Intellectual Capital	Principles of good governance help to protect the integrity of the organisation and its people, while safeguarding the business against ill-practices and non-compliance with laws and regulations.	**Risk** Losing license to business or financial losses due to regulatory fines and sanctions. **Opportunity** Promote integrity within the Group.	To ensure compliance with the Anti-Bribery Management System ("ABMS") requirement under ISO 37001: 2016.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
10. ENERGY MANAGEMENT **Capital Input:** Natural Capital	To establish energy management programme in the organisation to achieve reduction in energy consumption, and access to affordable and sustainable energy source.	**Risk** Disruptions to business operations and higher operational costs from non-renewable energy. **Opportunity** Leverage efficient energy management system to mitigate disruptions to business operations.	• Increase the use of renewable energy. • To achieve energy savings from the energy-saving initiatives.
11. CLIMATE CHANGE & GHG EMISSIONS **Capital Input:** Natural Capital	Continuous effect in the reduction of CO2 emissions in our business operations and it is our commitment to the climate-related effects such as rising temperatures and seawater level.	**Risk** Failure to anticipate climate-related risk will lead to the disaster, such as flash flood which affect the business operation and well-being of the employees. **Opportunity** Increase in capital availability as most investors favor low-emission producers.	Promote national carbon reduction targets and policies through various technological implementation and initiatives such as conservation and carbon offset programme.

STAKEHOLDER ENGAGEMENT & MATERIALITY
(CONTINUED)

Identified 12 Material Topics	Strategic Link to Our Business	Risks and Opportunities	Our Long-Term Strategies
12. LABOUR PRACTICES/ STANDARDS & HUMAN RIGHTS **Capital Inputs:** Human capital Social capital	We recognise that our employees are our greatest assets and this is our responsibility to safeguard our employees' rights to a safe and healthy workplace.	**Risk** Regulatory fines with financial and reputational impacts. **Opportunity** Support international labour and human rights principles.	• Recognise the 8 core conventions under International Labour Law. • Comply with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). • Launch and implement safety and health programme. • Adopt industry good practices across our project sites.

Based on our evaluation of the governance of various material topics as well as the current policy support that we have in place, we have devised various mitigation strategies. Below are the key enablers of the 12 material topics which the Group will focus on in the long run.

MATERIAL TOPICS	CURRENT ENABLERS
Anti-Fraud, Bribery & Corruption	• Anti-Bribery Management System ("ABMS") requirement under ISO 37001: 2016
Energy Management	• Sustainable and renewable energy
Climate Change & GHG emissions	• Green technology in construction • Pre-fabrication technologies/IBS • Efficient concrete usage for building components
Labour Practices/Standards & Human Rights	• Safe, hygienic and clean accommodation for our workers • Compliance with the rules and regulations for working hours and minimum wages
Talent Retention & Attraction	• Talent and Training Policy • Performance Management Plan • Staggered & Flexible Worktime Arrangements • Staff Welfare Policies and Programmes • Annual Staff Engagement Platforms and Surveys
Service Quality	• Quality Management System • ISO 9001: 2015 certification
Governance (Regulatory Compliance; Industry Thought Leadership)	• Internal control and compliance framework • ISO 37001: 2016 ABMS
Ethical Supply Chain	• Procurement and Supplier Assessment Policy • Supplier Code of Conduct
Community Welfare & Well-being	• Staff Education and Volunteerism Policy
Technology, Data Security & Privacy	• Management Information System ("MIS") Policy & Procedure • Personal Data Protection Act 2010 of Malaysia
Customer Health & Safety	• Health, Safety & Environment Management System • Green and Sustainable Project Portfolio Development • Project-specific Environmental Management Plan • Waste Management Plan
Product Innovation	• Experienced and competent technical team

INTEGRATED THINKING

We understand that integrated reporting promotes integrated thinking and is fundamental to the way we do business. This cohesiveness will promote the flow of information and result in a more efficient and productive allocation of capital which in turn, will drive our performance and growth. As we strategise how these capitals are deployed on the back of favourable market conditions, our robust risk management framework, and our corporate values, we are able to create value and increase understanding of our performance for all our stakeholders.

Manufactured Capital

Manufactured Capital are the physical assets, products and services of the Group and encompass landbanks, township, commercial space, solar photovoltaic plants, concrete precast production and construction works. As we strive to provide seamless delivery of our products and services, we depend on the competency of our people, efficiency of the equipment, tools and transportation as well as quality materials.

Financial Capital

Financial Capital refers to the Group's existing financial resources which are generated either through business operations or via its shareholder funds. As we continue to manage our four core businesses namely construction, property, power as well as trading, manufacturing and others, we are able to generate income to sustain and grow the organisation. A stable financial capital base provides us with the opportunity to consistently invest in potential opportunities for growth and expansion, stakeholder engagement and talent development; while also fulfilling our responsibility to the community.

Human Capital

Human Capital is the heart and soul of any organisation and drives business productivity, enhances customer relationships, and allows business growth. Whether directly or indirectly, all decisions, financials and systems are strategically aligned to ensure that the organisations human talent is central to all aspects of its operations. At Mudajaya, we place high value on this key organisational asset and we want to ensure their work has meaningful impact not only to us, but to the community as well. Employee experience and engagement are our main priorities in nurturing highly skilled and adept professionals; as investing in human capital will pay off in terms of higher productivity and in turn ensure efficient business operations and growth.

Social Capital

Social Capital refers to the relationships that make our organisation run effectively and include various stakeholders such as employees, shareholders, regulators, customers, suppliers and the communities in which we operate. We continue to invest in strengthening our relationships with these various stakeholders based on trust and integrity in order to enhance individual and collective wellbeing; recognising that social capital is vital to our business' success.

Natural Capital

Natural Capital refers to all renewable and non-renewable environmental resources and processes that we utilise while delivering our solutions and we realise that an organisation would not be able to prosper without due consideration for its impact on the environment. The Group's construction and property sectors are highly dependent on the existing natural landscape in developing projects which are of great importance for human and natural habitats. As a responsible business, we strive to operate using environmentally friendly practices and technologies in order to minimise our direct impact on the environment and resources.

Intellectual Capital

Intellectual Capital refers to our decades of industry experience and expertise, our credible brand as well as our knowledge; which combine to contribute to our evolution as a successful business. The Group's reputation grows and is reinforced through our bespoke and purpose-built construction, property and power plant projects. We continue to uphold and demonstrate our strengths and capabilities in all our core sectors and are supported by our recognised subsidiaries.

VALUE CREATION BUSINESS MODEL

OUR VALUE CREATION MODEL

INPUTS (CAPITAL RESOURCES)		LEVERAGES
MANUFACTURED	Land bank of **66.3 acres** & fixed assets worth over **RM 262 million** **1 TOWNSHIP, 4 POWER PLANTS** & a total land area of approximately **1.5 MILLION** square feet of cement and clinker production plant	**ASSETS MANAGEMENT** Diversify specific assets which are able to deliver more stable income
FINANCIAL	Total assets of **RM 1.9 billion** **RM 679.0 million** of total equity	**FINANCIAL MANAGEMENT** Maintain no-dividend policy and proposed to conserve cash by reducing debts and monetising current as well as future assets
HUMAN	More than **500** total number of contract and permanent employees **167 TRAINING PROGRAMMES** with a total of **1,530 hours**	**EMPLOYEE ENGAGEMENT** Encourage teamwork and open-dialogue session with higher level management to promote productivity, performance and improving motivation level
SOCIAL	Collaborated with **NOT LESS THAN 11 regulatory authorities & government agencies**	**CORPORATE SOCIAL RESPONSIBILITY** Promote volunteerism, corporate social responsibility and active participation in community services by rewarding off-days or work leaves
NATURAL	Governed project sites with stringent policies on **ENVIRONMENTAL PROTECTION** Policies incorporated for environmental management	**ENVIRONMENTAL STEWARDSHIP** Strengthen internally ISO 14001:2015 by abiding to local environmental regulations and compliance requirements
INTELLECTUAL	Over **50 years** of experience in **GENERAL CONSTRUCTION** with **30 years** experiences in **POWER GENERATION** Fully functional in-house technical and O&M capabilities for solar plants	**BRANDING ENHANCEMENT** Improving reputation through our commitment to our stakeholders

VALUE CREATION BUSINESS MODEL
(CONTINUED)

Our value creation model is designed to address the significant capitals (as inputs) and material topics in context of value creation for our multiple stakeholders.

MUDAJAYA'S CORE BUSINESSES


CONSTRUCTION

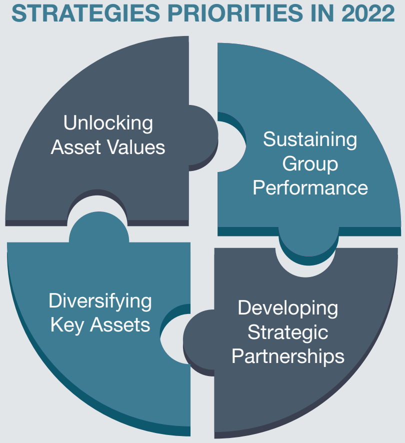

POWER


PROPERTY DEVELOPMENT


MANUFACTURING, TRADING & OTHERS

TREND	MATERIAL TOPICS	
Urbanisation	Financial	Market
Industrialisation	Environmental, Safety & Health	Development Strategy
Economic Growth	Project Development & Execution	Talent & Resource Management
Financial	Utilities & Supply	

STRATEGIES PRIORITIES IN 2022



OUTPUT

Manufactured Capital

- Completed and on-going mega projects in **construction** and **power sectors** with a total contract sum of > **RM4.6 billion**
- Cement production plant with maximum annual capacity of **1 million** tonnes per annum.

Financial Capital

RM305.2 million of revenue reported in FY2022

Human Capital

- Awarded **5-STAR** in the safety and health assessment system in construction from CIDB Malaysia
- Compliance with amendments to the Employment Act 1955

Social Capital

Various **CSR events/programmes, Sport Activities & staff engagement** carried out in current year

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Natural Capital

SOLAR FACILITY:

- Produced **more than 90 Gwh** of clean and renewable energy and
- Eliminated approxiamately **55,000 ton** of CO2 per annum

Intellectual Capital

AWARDS GRANTED:

(i) **Focused Recognition Award** for good performance from Petronas, **IFAWPCA Silver Medal for Civil Engineering Construction** from International Federation of Asian and Western Pacific Contractors' Associations, **Anugerah Kecemerlangan Industri Pembinaan Malaysia** ("MCIEA"), **Anugerah IBS** from Lembaga Pembangunan Industri Pembinaan Malaysia ("CIDB"), Member of the Malaysian Photovoltaic Industry Association

(ii) Sinar Kamiri Sdn Bhd won the **2022 JCI Malaysia Sustainable Development Award** under SDG No. 7

The Office Club at Menara Mudajaya was conceptualized upon the realization that there is a gap in the supply of hybrid office spaces catered to successful start-up companies which previously worked from a co-working office. This idea was well received and the spaces in Phase 1 was snapped up upon its launch.

The Office Club at Level 12, Menara Mudajaya

THE OFFICE CLUB @ MENARA MUDAJAYA

The contemporary office suites offer wide and large glass windows with panoramic view of Mutiara Damansara's skyline

CORPORATE INFORMATION

BOARD OF DIRECTORS

LEE ENG LEONG
Non-Independent Executive Chairman

DATO' AMIN RAFIE BIN OTHMAN
Independent Non-Executive Deputy Chairman

IR. JAMES WONG TET FOH
Group Managing Director & Chief Executive Officer

CHEW HOY PING
Senior Independent Non-Executive Director

OEI SU LEE
Independent Non-Executive Director

AUDIT COMMITTEE

Chew Hoy Ping *(Chairman)*
Dato' Amin Rafie Bin Othman
Oei Su Lee

COMBINED NOMINATION AND REMUNERATION COMMITTEE

Dato' Amin Rafie Bin Othman *(Chairman)*
Chew Hoy Ping
Oei Su Lee

RISK MANAGEMENT COMMITTEE

Chew Hoy Ping *(Chairman)*
Ir. James Wong Tet Foh
Oei Su Lee

INVESTMENT COMMITTEE

Oei Su Lee *(Chairman)*
Dato' Amin Rafie Bin Othman
Chew Hoy Ping
Ir. James Wong Tet Foh

COMPANY SECRETARIES

Lee Suan Choo (MAICSA 7017562)
(SSM PC No. 202008003634)

Cheah Wai Yuen (MAICSA 7025907)
(SSM PC No. 202008002515)

REGISTERED OFFICE

PH1, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7806 7899
Fax No : (603) 7806 7900

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel No : (603) 7890 4700
Fax No : (603) 7890 4670
Helpdesk Email:
BSR.Helpdesk@boardroomlimited.com

AUDITORS

Deloitte PLT
Chartered Accountants

PRINCIPAL BANKERS

AmBank Islamic Berhad
OCBC Bank (Malaysia) Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd
CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MUDAJYA
Stock Code : 5085

WEBSITE ADDRESS

www.mudajaya.com

INVESTOR RELATIONS

Email : info@mudajaya.com
Tel No : (603) 7806 7899

BOARD OF DIRECTORS

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Senior Independent Non-Executive Director

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Independent Non-Executive Deputy Chairman

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Non-Independent Executive Chairman

IR. JAMES WONG TET FOH
Group Managing Director & Chief Executive Officer

OEI SU LEE
Independent Non-Executive Director

DIRECTORS' PROFILE

LEE ENG LEONG

Non-Independent Executive Chairman

Malaysian

Male

Aged 55

Mr. Lee is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He attained his INSEAD Global Executive Master of Business Administration (MBA) in 2018.

Mr. Lee was formerly the Group Chief Financial Officer of Alliance Bank Malaysia Berhad from 4 January 2010 to 2 October 2012. Prior to joining Alliance Bank Malaysia Berhad, he was the Chief Financial Officer for Microsoft, a major global company where he oversaw their finance operations covering the Asia region. For over 25 years, he has held various leadership roles in management positions within both local companies and multinational companies in Asia.

On 2 December 2016, Mr. Lee was appointed as Executive Director of Mudajaya. He was subsequently redesignated as Executive Chairman of Mudajaya on 14 July 2022.

Mr. Lee's directorships in other listed issuers in Malaysia are Mulpha International Bhd and Thriven Global Berhad. His directorship in non-listed public company in Malaysia is Mudajaya Corporation Berhad.

DIRECTORS' PROFILE
(CONTINUED)

DATO' AMIN RAFIE BIN OTHMAN

Independent Non-Executive Deputy Chairman

Malaysian
Male
Aged 63

Dato' Amin graduated with a Degree in Economics and International Politics from University College of Wales, Aberystwyth and a Master of Business Administration Degree in Export Management and International Business from City University Business School, United Kingdom.

Dato' Amin is currently the Director of Corporate Affairs of Medika Natura Sdn Bhd. He was formerly the Deputy Chairman and Senior Independent Non-Executive Director of WZ Satu Berhad. In a career spanning over 30 years, Dato' Amin has served as the Independent Non-Executive Director of MYP Ltd, a company listed on the Singapore Stock Exchange. He was the Managing Director of Dubai Group Sdn. Bhd., Rio Capital Sdn. Bhd. and PJB Capital Sdn. Bhd.; Chief Executive Officer of Maybank Investment Management Sdn. Bhd.; Executive Director of Smith Zain Securities Sdn. Bhd.; and Senior General Manager and a Director of RHB Asset Management Sdn. Bhd. He was also the past President of the Malaysian Association of Asset Managers and a member of the Listing Committee of Bursa Malaysia Securities Berhad.

Dato' Amin was appointed to the Board on 22 February 2018 and was subsequently redesignated as Deputy Chairman on 14 July 2022. He also serves as Chairman of the Combined Nomination and Remuneration Committee as well as a member of the Audit Committee and Investment Committee.

Dato' Amin has no directorships in other listed issuers or non-listed public companies.

DIRECTORS' PROFILE
(CONTINUED)

IR. JAMES WONG TET FOH

Group Managing Director & Chief Executive Officer

Malaysian
Male
Aged 62

Ir. James Wong graduated with a Bachelor of Science (1st Class Honours) in Civil Engineering in 1984 and a Master of Science in 1985 from Imperial College of Science, Technology & Medicine, United Kingdom. He also completed a Master of Business Administration (Finance) Programme from Nottingham University Business School in 2015.

He attained his Professional Engineer registration with the Board of Engineers Malaysia (BEM) in 1989 after having spent the first 5 years of his career with a forensic engineering consultancy firm specialising in distressed buildings or infrastructure works covering the fields of geotechnical, structural and material investigations.

He joined the UEM Group of Companies in 1989 where he served for 21 years in various capacities such as Chief Operating Officer for UE Construction Sdn. Bhd. (2002-2004) and Director of International Projects for UEM Builders Berhad (2004-2009). His stint with UEM covered projects in India, Middle East, Indonesia and Singapore. In 2009, he moved to Lafarge Concrete (M) Sdn. Bhd. as Vice President of Marketing and Strategy (Asia). Prior to joining Mudajaya, he served as Business Development Director of IJM Corporation Bhd and subsequently as Managing Director of IJM's toll highway concession asset companies in Malaysia and India.

Ir. James Wong joined the Board of Mudajaya as Executive Director and served as Managing Director of Mudajaya Corporation Berhad on 2 May 2014. He was appointed the Group Managing Director & Chief Executive Officer of Mudajaya on 1 April 2015.

Ir. James Wong serves as a member of the Risk Management Committee and Investment Committee.

Ir. James Wong's directorship in non-listed public company is Mudajaya Corporation Berhad. He has no directorships in other listed issuers.

DIRECTORS' PROFILE
(CONTINUED)

CHEW HOY PING

Senior Independent Non-Executive Director

Malaysian
Male
Aged 65

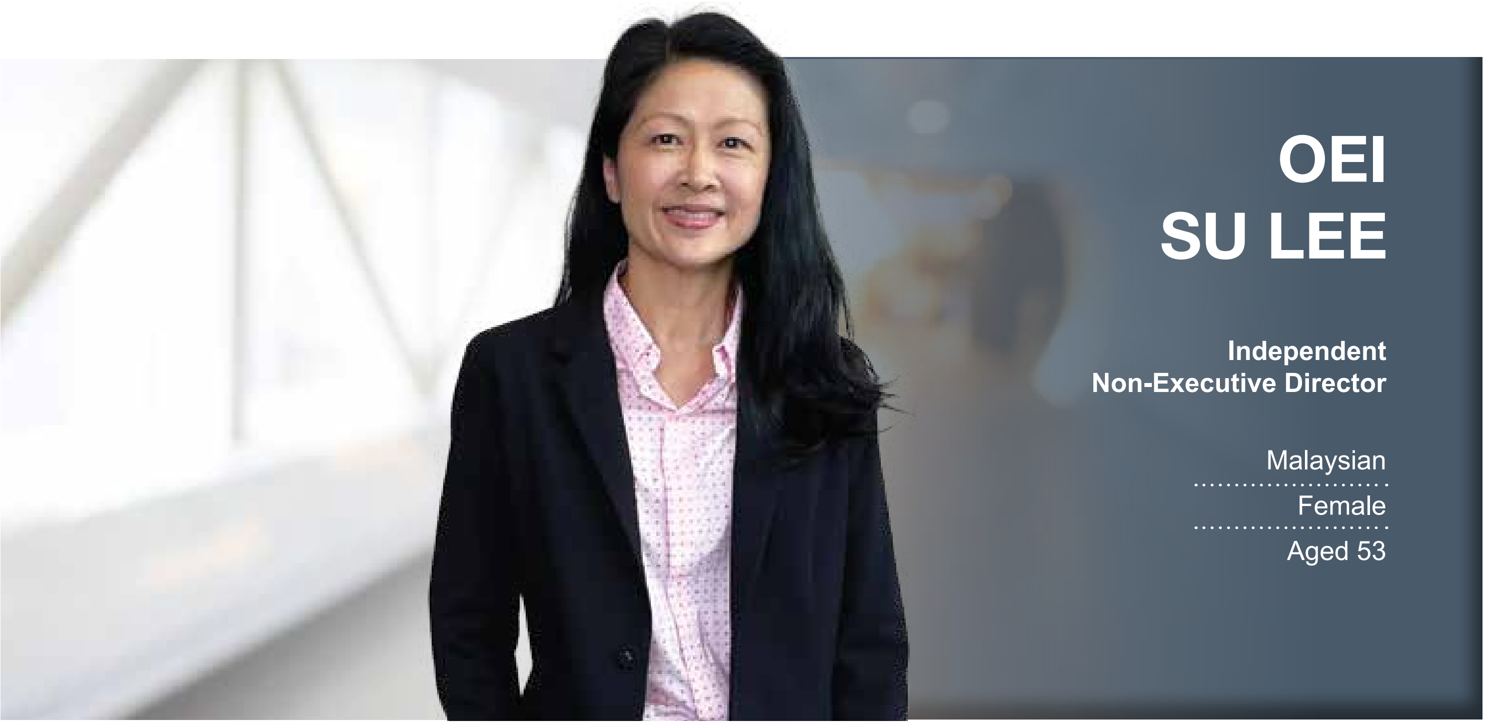
Mr. Chew is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Chew had a professional career with PricewaterhouseCoopers ("**PwC**") spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he engaged in a diverse range of professional services encompassing auditing, corporate finance and business recovery services. He held various leadership roles including the chair of its financial advisory services for the Asia Pacific region and in risk, governance and management functions. Mr Chew had work secondment experiences with PwC Houston, Texas and with Bank Negara Malaysia in the 1980's.

Mr Chew was appointed to the Board on 1 January 2015 and he also serves as Chairman of the Audit Committee and Risk Management Committee as well as a member of the Combined Nomination and Remuneration Committee, and Investment Committee.

Mr Chew is currently an Independent Non-Executive Director of Mulpha International Bhd and Carlsberg Brewery Malaysia Berhad where he is the Chair of their respective Audit Committees. He is the Chairman of the Board of Ge-Shen Corporation Berhad where he is also a member of its Audit Committee. He has no directorships in non-listed public companies in Malaysia.

DIRECTORS' PROFILE
(CONTINUED)



OEI SU LEE

Independent Non-Executive Director

Malaysian
Female
Aged 53

Ms Oei Su Lee graduated with a Bachelor of Economics (Accounting and Finance) Degree from Macquarie University, Sydney, Australia and a Master of Business Administration (MBA) from Macquarie Graduate School of Management, Sydney, Australia. She is a member of the Institute of Chartered Accountants, Australia and New Zealand; a Certified Tax Advisor of the Institute of Taxation of Australia; an associate member of the Financial Services Institute of Australia; and a graduate member of the Australian Institute of Company Directors. She has completed the Mandatory Accreditation Programme for company directors with Bursa Malaysia.

Ms Oei is a senior finance executive with over 30 years of diversified financial management experience covering accounting, tax, compliance, business strategy and venture capital advisory. She has served as the Chief Financial Officer of MKS Capital Australia, part of the MKS Group, a global financial services organisation specialising in precious metals with 15 offices worldwide and headquartered in Geneva, Switzerland. Prior to that, she specialised in taxation services for the banking and finance sector whilst at PwC in Sydney. Subsequently, Ms Oei was a Director at Camphin Boston Chartered Accountants, a mid-tier Australian accounting firm specialising in advice for SMEs. She currently holds an advisory role with the firm. Her other past roles included being the Director of Corporate Expansion in N2N Connect Australia Pty Limited, a fully owned subsidiary of N2N Connect Berhad (Malaysia) to guide their successful global expansion through investing in Australian fintech businesses. In 2019, Ms Oei was appointed adviser to the Chief Executive Officer of Emerald Foods Pty Limited (which owned New Zealand Natural Ice Cream) as part of its business development drive in Southeast Asia and its eventual and successful sale to investors in its home country of New Zealand. Since December 2021, she has been appointed Strategic Adviser to the Chief Innovation Officer at Fueltech Pty Limited, an Australian company with partners in South Korea, China and Indonesia in the new energy transportation sector for the development of industrial and transport solutions based around electric vehicles and hydrogen infrastructure. Ms Oei has over many years contributed significantly by providing organisational support to classical musicians. This involves connecting them to the corporate world with numerous events that raise awareness as well as funds for social causes.

Ms Oei was appointed to the Board on 22 April 2022 and she also serves as Chairman of the Investment Committee, as well as a member of the Audit Committee, Combined Nomination and Remuneration Committee, and Risk Management Committee.

Ms Oei has no directorships in other listed issuers or non-listed public companies.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
   None of the Directors has any family relationship with any director and/or major shareholder of Mudajaya.

2. **Conflict of Interest**
   None of the Directors has any conflict of interest with Mudajaya.

3. **Conviction for Offences**
   None of the Directors has any conviction for offences within the past 5 years (other than traffic offences, if any). There were no public sanctions and/or penalties imposed on the Directors by the relevant regulatory bodies during the financial year.

4. **Attendance of Board Meetings**
   The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2022 is disclosed in the Corporate Governance Overview Statement.

SENIOR MANAGEMENT'S PROFILE

NG QING HAI

Managing Director, Shanghai Allied Cement Holdings Limited

Chinese | Male | Aged 67

Mr Ng Qing Hai has over 25 years of experience in the cement-related business. Mr Ng completed a 3-year course in finance and accounting in building materials industry in 1983. He is a non-practising member of The Chinese Institute of Certified Public Accountants. Mr. Ng was the 6th Vice Chairman of Shanghai Cement Industrial Association of the People's Republic of China, and was a fellow member of the Asian Knowledge Management Association from November 2005 to November 2006. He was appointed as a member of 11th and 12th Shandong Provincial Committee of the Chinese People's Political Consultative Conference in January 2013 and January 2018 respectively. Mr. Ng was an Executive Director of Allied Cement Holdings Limited (now known as Tongfang Kontafarma Holdings Limited) from December 2011 to September 2018, and a Non-Executive Director of China Shanshui Cement Group Limited from December 2015 to February 2016.

He has entered into a service contract with Shanghai Allied Cement Holdings Limited, a subsidiary of Real Jade Limited, for a term of 3 years commencing from 19 October 2021.

Mr. Ng has no directorships in any listed issuers or non-listed public companies in Malaysia.

ANG KENG HONG

Executive Director of Construction, Mudajaya Corporation Berhad

Malaysian | Male | Aged 54

Mr. Ang Keng Hong joined Mudajaya Corporation Berhad in April 2014 as General Manager of Construction. He was appointed as Director of Construction of Mudajaya Corporation Berhad on 1 February 2016 and has since been promoted to the post of Executive Director of Construction of Mudajaya Corporation Berhad in January 2018.

Mr. Ang graduated with a Diploma in Technology (Building) in 1992 from Tunku Abdul Rahman College (TARC). He further attained his Master of Science in Construction Management (Project Management) in 1998 from Heriot-Watt University after having worked for 5 years involved in both tendering and project implementation. He is currently a Registered Member of the Association of Construction Project Managers (ACPM), Malaysia, as well as a Chartered Member of The Chartered Institute of Building (CIOB), UK.

He started his career as a Project Coordinator with Lion Group in 1992 and was involved in various building projects till 1996 before joining Zelleco Construction Sdn. Bhd. where he served as Construction Manager involved in various building and infrastructure works till 2000. He took study leave from September 1997 to April 1998 to pursue his Master of Science in Construction Management (Project Management). He then joined Zelan Berhad in 2000 and was involved in various building and infrastructure works in Malaysia and Indonesia as Project Manager. He was promoted to the post of General Manager of Zelan Berhad in 2007, and remained as their General Manager until 2009 when he left to join Team Builders LLC/Eminent Ace Sdn. Bhd. as Head of Operation (from 2009 to 2014) where he was involved in business development for new ventures in the middle east and property development opportunities in Malaysia. Prior to joining Mudajaya, he was the Director of Operations involved in the construction and real estate development.

Mr. Ang has no directorships in any listed issuers or non-listed public companies.

SENIOR MANAGEMENT'S PROFILE
(CONTINUED)

ALVIN CHEW CHEE WAI

General Manager – China Operations & Purchasing, MJC Trading Sdn. Bhd.

Malaysian | Male | Aged 44

Mr. Alvin Chew Chee Wai joined Mudajaya as the General Manager for China Operations on 3 January 2022. He also oversees the local procurement division. Mr. Alvin Chew has over 20 years' experience in sales & marketing of building materials. Prior to joining Mudajaya, he operated his business in supplying and trading building materials in China and Malaysia.

Mr. Alvin Chew serves as a member of the Tender Committee in Mudajaya.

Mr. Alvin Chew has no directorships in any listed issuers or non-listed public companies.

SAMANTHA LEE TZE LIU

General Manager - Property, Mudajaya Land Sdn. Bhd.

Malaysian | Female | Aged 55

Ms. Samantha Lee Tze Liu was appointed as the General Manager of the Property Division on 1 November 2015. She is a Bachelor of Law graduate from University of London, with 29 years of experience in property and township development, leasing and maintenance.

Ms. Lee started her working career in 1993 with MBF Property Services as a Marketing Executive. She later joined Mudajaya Corporation Berhad in 1995 as a Senior Marketing Executive and rose in ranks to Marketing & Sales Manager in 1997. She was appointed as the Director of MJC City Development Sdn. Bhd. in 2004 which undertakes the company's flagship township development at Batu Kawah New Township, Kuching, Sarawak. She was promoted to the Assistant General Manager of the Property Division in 2007 and Director of Mudajaya Land Sdn Bhd in 2015. During her tenure with Mudajaya, she had successfully launched and sold more than RM1.3 billion worth of properties for the Group in Kuala Lumpur which include the luxury Lumi Tropicana lifestyle apartments and the 256-acre Batu Kawah New Township in Kuching, Sarawak. This contemporary integrated township has won 3 awards from SHEDA, namely SHEDA Excellence Awards for Innovative Design & Lifestyle Concept 2009 (One Residency), Merit Award in Master Plan (Completed Development) (Batu Kawah New Township) 2011 and Outstanding Development Award for Residential: High Rise Strata Development 2013 (Skyvilla Residences).

Ms. Lee has no directorships in any listed issuers or non-listed public companies.

SENIOR MANAGEMENT'S PROFILE
(CONTINUED)

YAM KEONG CHEE

General Manager - Precast,
MJC Precast Sdn Bhd

Malaysian | Male | Aged 61

Mr. Yam Keong Chee joined MJC Precast Sdn. Bhd. as the General Manager on 16 March 2015.

Mr. Yam graduated with a BSc. in Civil Engineering in 1985 from Oklahoma State University, Stillwater, USA. He has more than 30 years' proven experience in managing operations and large project deployment within the construction industry. Recognised as a hands-on leader with strong knowledge in the construction and civil engineering field.

He has 17 years of working experience in India including the last 6 years with Raffles Education Corporation Ltd. (a Singaporean company) as the Vice President of Indian Operations.

With MJC Precast Sdn. Bhd., Mr. Yam has secured various precast concrete product projects i.e. West Port CT8 & CT9, West Coast Expressway Sec 5 & Sec 9, SUKE CB2 & CA3, DASH CB1, DUKE 3, LRT3 –PC 2, MRT 2, Electrified Double Track Project (Johor) etc.

Mr. Yam has no directorships in any listed issuers or non-listed public companies.

ANNA MARIA VERGHIS

General Manager -
Human Resources & Admin,
Mudajaya Corporation Berhad

Malaysian | Female | Aged 41

Ms. Anna Maria Verghis joined Mudajaya Corporation Berhad as the Assistant General Manager - Human Resources & Admin on 2 May 2019. She was promoted to the position of General Manager - Human Resources & Admin with effect from 1 January 2023.

Ms. Verghis graduated with a Bachelor of Business, majoring in Human Resource Management and Marketing from Charles Sturt University, Australia. Thereafter, she completed her Master of Business Administration, majoring in Human Resource Management from University of Wales, United Kingdom. She is also an associate member of the Malaysian Institute of Management.

Ms. Verghis has more than 19 years of working experience in various industries, mostly in construction, property development and concessions, as well as manufacturing, medical, legal and education industries. She was also a committee member of the Master Builders Association Malaysia's Human Resource Committee, as well as the Education & Special Institutions Committee.

Ms. Verghis has no directorships in any listed issuers or non-listed public companies.

SENIOR MANAGEMENT'S PROFILE
(CONTINUED)

TAN CHIN BOO

Head of Finance – Mudajaya Corporation Berhad

Malaysian | Male | Aged 32

Mr. Tan Chin Boo graduated with a BSc (Hons) Degree in Applied Accounting from Oxford Brookes University. Mr. Tan is a fellow member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants, United Kingdom.

Mr. Tan joined Mudajaya as the Financial Controller on 1 November 2019 and was subsequently redesignated as the Head of Finance on 1 August 2022.

Prior to joining Mudajaya, Mr. Tan had a professional career with KPMG Malaysia starting in 2013 for period of six years. Whilst at KPMG, he was engaged and involved in the audits of public listed and private companies in various industries including manufacturing, trading, property development, retail, oil and gas, shipping and services.

Mr. Tan has no directorships in any listed issuers or non-listed public companies in Malaysia.

SIVARAJAN A/L KUPPA RAJOO

Acting Head of Concession Assets –
Mudajaya Facilities Management Sdn. Bhd.

Malaysian | Male | Aged 51

Mr. Sivarajan A/L Kuppa Rajoo joined Mudajaya Corporation Berhad as a Senior Construction Manager at Tanjung Bin 4 Power Plant project in August 2013 and was then transferred to Concession Assets in July 2015 as Senior Project Manager. He was subsequently appointed as Acting Head of Concession Assets on 1 February 2023.

Mr. Sivarajan graduated with a Certificate in Land Survey from Polytechnic Kuching, Sarawak in 1994. While working, he further attained his Diploma in Civil Engineering in 2001 from University of Technology Malaysia and Executive Bachelor in Engineering Management in 2018 from Asia e University.

He has more than 28 years of working experience in construction as well as operation and maintenance roles in Malaysia, India and Indonesia. He started his career as a Land Surveyor with Pilecon Engineering Berhad in 1993 and worked with a few other public listed construction companies in Malaysia, involved in various projects. He also has 5 years of working experience in India as Senior Project Manager with UEM Builders in various road construction works from 2008 till 2012, and worked as Head of Maintenance with IJM Tollway, India in various road operation and maintenance works from 2012 until 2013. He then joined Mudajaya as a Senior Construction Manager at the Tanjung Bin 4 Power Plant project in August 2013 and was transferred to Concession Assets in July 2015 for the construction of the Baruta Coal Fired Power Plant in Sulawesi, Indonesia. He has more than 5 years of working experience in Indonesia and was appointed as Chief Operating Officer for PT Harmony Energy Indonesia (a subsidiary of Mudajaya Energy Sdn Bhd) in June 2016.

Mr. Sivarajan has no directorships in any listed issuers or non-listed public companies.

1

2

SKYVILLA

Skyvilla Residences is an award winning project which accentuate the essence of quality high-rise living in Kuching. With generous built-up areas from 1,000sf to 1,400sf and optimum cross ventilation in and outside the apartments, it promotes healthy city-living to its residents. In addition, selected tastefully furnished premium edition apartments are prepared for the busy executive who would like to move in with a suitcase. Flexibility is another hallmark at Skyvilla Residences at Batu Kawah New Township.

1. Fully-furnished units are popular amongst investors as they command high rental returns.
2. The wide balcony and window provide natural light and ventilation. The perfect combination of magnificient views formed by the Kuching City's skyline, Mount Serapi, or Santubong Mountain are captivating and relaxing for its residents.
3. Spacious built up area from 1,000 sf to 1,400 sf to cater for different personalities of the buyers.

3

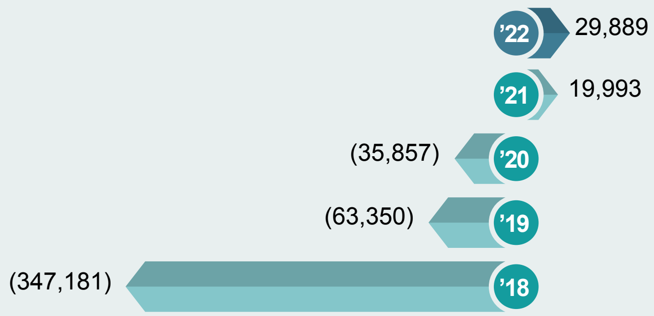
A branded eatery located at ground floor of Menara Mudajaya - THE RED BEANBAG

FIVE YEARS' FINANCIAL HIGHLIGHTS

	2022 RM'000	2021 RM'000 Restated	2020 RM'000 Restated	2019 RM'000	2018 RM'000
ASSETS					
Non-Current Assets	633,839	478,599	469,483	469,020	506,182
Current Assets	1,292,024	541,499	770,462	858,474	1,091,098
Total Assets	1,925,863	1,020,098	1,239,945	1,327,494	1,597,280
EQUITY AND LIABILITIES					
Capital and reserves					
Share Capital	663,450	502,054	397,730	393,172	393,172
Reserves	(259,306)	(237,341)	(287,416)	(246,258)	(177,218)
Equity Attributable To					
Owners Of The Company	404,144	264,713	110,314	146,914	215,954
Non-Controlling Interests	274,844	38,088	42,238	32,927	28,560
Total Equity	678,988	302,801	152,552	179,841	244,514
Liabilities					
Non-Current Liabilities	553,476	369,324	507,497	521,036	441,161
Current Liabilities	693,399	347,973	579,896	626,617	911,605
Total Liabilities	1,246,875	717,297	1,087,393	1,147,653	1,352,766
Total Equity And Liabilities	1,925,863	1,020,098	1,239,945	1,327,494	1,597,280
GROUP RESULTS					
Profit/(Loss) Before Tax	29,889	19,993	(35,857)	(63,350)	(347,181)
Tax expense	(5,424)	(6,092)	(4,492)	(17,060)	(12,109)
Non-Controlling Interests	6,872	1,573	2,598	1,828	(6,478)
Profit/(Loss) Attributable To Owners Of The Company	17,593	12,328	(43,088)	(87,918)	(393,673)
SELECTED RATIOS					
Earnings/(Loss) Per Share (Sen)					
- Basic	1.26	1.57	(7.07)	(14.90)	(66.73)
- Diluted	1.20	0.86	-	-	-
Net Assests Per Share Attributable To Of The Company (RM)	0.22	0.20	0.17	0.25	0.37
Return on Equity (%)	4.35	4.66	(39.06)	(59.84)	(182.29)
Gearing Ratio (Times)	1.81	1.82	7.66	5.97	4.14
Share Price (Year-End Closing) (RM)	0.23	0.18	0.33	0.39	0.29

FIVE YEARS' FINANCIAL HIGHLIGHTS
(CONTINUED)

PROFIT/(LOSS) BEFORE TAX
(RM'000)

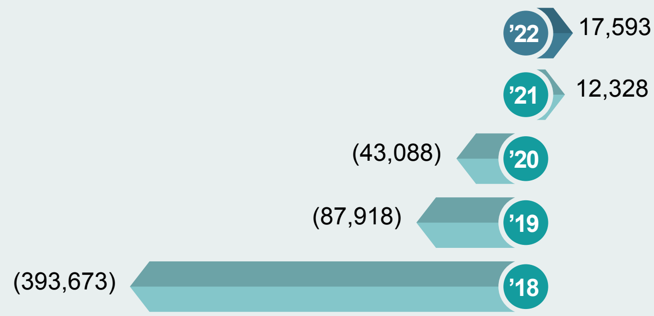


INCREASE **50%**

RM 29.9 million

2021: RM20.0 million

PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)

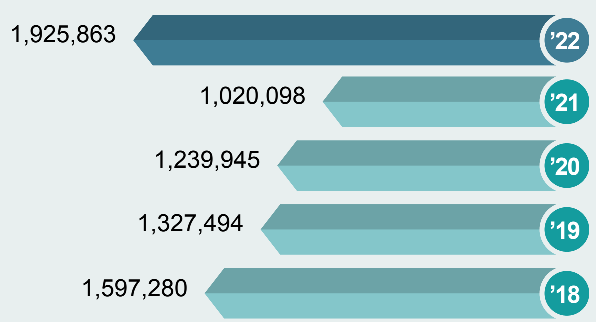


INCREASE **43%**

RM 17.6 million

2021: RM12.3 million

TOTAL ASSETS
(RM'000)

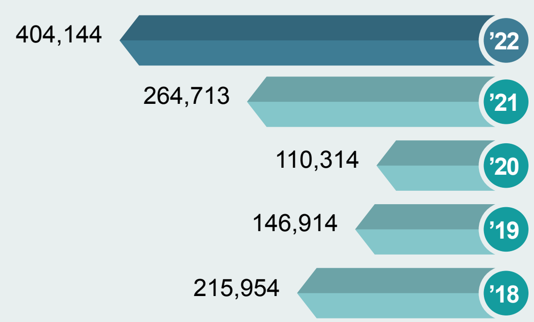


INCREASE **89%**

RM 1,926 million

2021: RM1,020 million

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



INCREASE **53%**

RM 404.1 million

2021: RM264.7 million

MESSAGE

FROM THE CHAIRMAN

OPPORTUNITY OFTEN PRESENTS ITSELF WHEN TIMES ARE DIFFICULT. OUR GROUP'S BOLD EFFORT TO CONTINUE TO VENTURE BEYOND THE MALAYSIAN SOIL AND SEIZE OPPORTUNITIES AT THE HEIGHT OF THE GLOBAL PANDEMIC HAS STRENGTHENED OUR PERFORMANCE WHILE PLACING US IN A BETTER POSITION TO TAKE ADVANTAGE OF A RECOVERING ECONOMY.

ON THIS POSITIVE NOTE AND ON BEHALF OF THE BOARD OF DIRECTORS OF MUDAJAYA GROUP BERHAD, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND FINANCIAL STATEMENTS OF THE COMPANY AND THE GROUP OF COMPANIES ("MUDAJAYA" OR "GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022.

LEE ENG LEONG
Executive Chairman

MESSAGE FROM THE CHAIRMAN
(CONTINUED)

ECONOMIC RESILIENCE STRENGTHENED BY ROBUST RECOVERY PHASE

In 2022, the Malaysian economy shifted gears in earnest towards recovery as the threat of further disruptions caused by the global pandemic wanes. The normalisation of business activities coupled with the re-opening of borders to travel and multinational trade had led to an expansion of the national economy by a notable 8.7%.

Private sector activity remained the key driver of growth as business and consumer confidence trended upwards. Additionally, the formation of the new Unity Government following the 15th General Election brought about a measure of political stability, which is a critical factor towards sustaining Malaysia's economic recovery efforts.

The construction industry in 2022 also faired well, having increased by 8.8% according to the Department of Statistics Malaysia. While major construction projects such as highways and mass rapid transit developments were being carried out, the industry was faced with short-term challenges including labour shortage and elevated material cost during the year.

The property industry also improved in 2022, registering higher volume and value of property transactions year-on-year, as indicated by the Valuation & Property Services Department of the Ministry of Finance (JPPH). Nevertheless, the industry had also faced several challenges including the shortage of labour, rising cost of building materials and over-supply of commercial office space and residential units at certain locations.

As Mudajaya's core business activities, namely construction, power generation, property and manufacturing and trading, encompass key strategic sectors of the Malaysian economy, – the resilience of the national economy, has provided the Group with a conducive operating landscape to deliver positive results and add value to our shareholders.

GROWING FROM STRENGTH TO STRENGTH

Mudajaya's strategic thrust towards renewable energy, tighter controls on overhead spending as well as the initiatives we have undertaken to reduce debt and improve working capital has led the Group to return to the black in FY2021. In FY2022, we have successfully maintained this positive trajectory by achieving a profit before tax of RM29.89 million, marking a notable 49% increase year-on-year.

Our improved financial performance was due to the better progress achieved from our on-going construction projects in Malaysia as well as the consolidation of new revenue that resulted from the acquisition of Real Jade Ltd., a cement manufacturing and trading group in China.

The acquisition exercise underscores our Group's resolve to mitigate the impact of the pandemic to our domestic operations by tapping into opportunities beyond our national borders. In addition to its attractive valuation, Real Jade offers the Group a tangible stepping-stone to expand our businesses in China, where we foresee demand for building materials like cement to grow exponentially as the global economic powerhouse sets on a path towards post-pandemic recovery.

Apart from supplementing our trading and manufacturing segment, Real Jade can also be an enabler for the Group to cross-sell its expertise and capabilities in China, specifically in the area of construction project management and renewable energy projects.

Moreover, we are truly excited about Real Jade's expertise in delivering energy-efficient and environmentally-friendly air-conditioning and heating systems for commercial, residential and industrial buildings. This is indeed in line with our aim to expand our power segment in the renewable energy space locally and abroad.

In 2022, our construction segment has continued to make firm progress on all on-going projects while securing more infrastructure development work. In September 2022, the Group was awarded a contract from Jabatan Kerja Raya Sarawak to design and build a vehicle yard and associated facilities at the Senari Port in Sarawak. The contract is valued at approximately RM56.93 million and the project is targeted to be completed by October 2024.

In July 2022, the Group also secured a RM104 million earthworks contract for a 1,200MW combined cycle gas power plant project in Gurun, Kedah. The project is targeted to be completed by August 2023.

In addition to delivering business growth, the Group has also placed a priority on ensuring financial prudence and cultivating a strong balance sheet. In FY2022, the Group's Debt to Equity ratio remains at a manageable 1.81 times (FY2021: 1.82 times) while current ratio improved to 1.9 times from 1.6 times a year ago. Total assets of the Group also increased to RM1.93 billion in 2022 from RM1.02 billion in 2021 due to consolidation of Real Jade Group.

MESSAGE FROM THE CHAIRMAN
(CONTINUED)

EMBRACING CORPORATE SOCIAL RESPONSIBILITY

Mudajaya has remained steadfast in our commitment to add value to lives within communities where we operate in.

In 2022, Mudajaya employees had volunteered their time and effort to plant trees at the Forest Research Institute of Malaysia. We believe that this initiative, which was spearheaded by the Kuala Lumpur Business Club, helps cultivate a 'green' mindset in the hearts and minds of our employees while contributing in a tangible manner towards climate change solutions.

During the year, our Group also donated a total of 11 computers to two schools in Perak, namely SMJKC Bagan Datuk and SMJKT Ladang Kelapa Bali. This was part of our effort to help close the technology divide between urban and rural schools. More than 24 pupils of the school will now be able to access real time information on the Internet as well as learn to work on key software and programmes with these new computers.

Further details of our CSR initiatives are outlined in the Sustainability Statement in this Annual Report.

TOWARDS A BRIGHTER FUTURE

As we move further into 2023, global economic headwinds including the on-going Russian-Ukraine war, stubborn inflation and rising interest rates continue to weigh down macro-economic fundamentals. Nevertheless, the normalisation of most business activities to pre-pandemic levels taking place across the world and the re-opening of China's borders to trade and tourism may augur well for the world's economy moving forward.

The Malaysian economy in 2023 is expected to expand at a more moderate pace due to the challenging external environment. This growth will be driven by domestic demand supported by the strong job market and the realisation of multi-year investment projects.

The Government's re-tabled Budget 2023 also underlined the need to reinforce the momentum of economic recovery, strengthen economic resilience and reduce the peoples' hardship through targeted initiatives.

For our construction segment, we are looking forward to the resumption of strategic infrastructure development projects such as the East Coast Railway Link (ECRL) and Klang Valley Double Tracking (KVDT) Phase 2 as well as further public sector spending on renewable energy and infrastructure projects in East Malaysia. We aim to secure some of these infrastructure and private investment projects to replenish our current order book of RM433.4 million.

The property sector is also continuing to improve, especially in the residential sub-segment, as demand grows and over-supply eases. We plan to monitor the market closely prior to launching more offerings within our Batu Kawah Township in Kuching, Sarawak. The Group's strengthened balance sheet will also enable us to identify and acquire more landbank in the Klang Valley that can potentially deliver strong return-on-investment and enhance value for our shareholders in the future.

The global focus on climate change mitigation action has created a demand for renewable energy solutions. Our focus towards renewable energy is timely and we aim to expand this segment in both the domestic and overseas market. In the domestic renewable energy sector, we plan to participate in the next bid exercise for the Large-Scale Solar 5 ("LSSF 5") auction programme and the Corporate Green Power Programme. At the same time, the Group is continuously seeking to expand our presence in the renewable energy space in Indonesia.

We are also optimistic that China's economic recovery efforts will spur more investments and economic activities in Malaysia and across the region, indirectly benefiting our core revenue streams. Additionally, we aim to leverage on our footprint in China by bidding for potential jobs in construction project management and trading, leveraging on our rich experience and strong track record in this area.

In view of the current operating landscape and the positive prospects ahead, the Board of Mudajaya is confident that the Group will deliver an improved performance for the year ending 31 December 2023.

ACKNOWLEDGEMENT

The Board of Directors and I would like to thank Ir. Teoh Teik Thiam for his invaluable service and contribution to our Group. We would also like to wish him all the very best in his future undertaking.

We are also grateful to all our employees for their hard work, loyalty and dedication. My thanks as well to the Management Team and the Board of Directors for their continued leadership this past year.

We would also like to thank our customers, business associates, regulators and relevant government authorities for the continued support and cooperation. We also value the confidence and support from our valued shareholders over the years. Terima kasih.

LEE ENG LEONG
Executive Chairman
20 April 2023

1. Lumi Tropicana is majestically located opposite the gateway to Tropicana Golf & Country Resort

2. Luxury 1,509sf Serviced Apartment with 3+1 bedrooms

3. Living spaces are well blended with design and colors that shape your life.

Luxury living at the heart of Tropicana

Lumi Tropicana units with fully furnished package

CELEBRATE LIFE

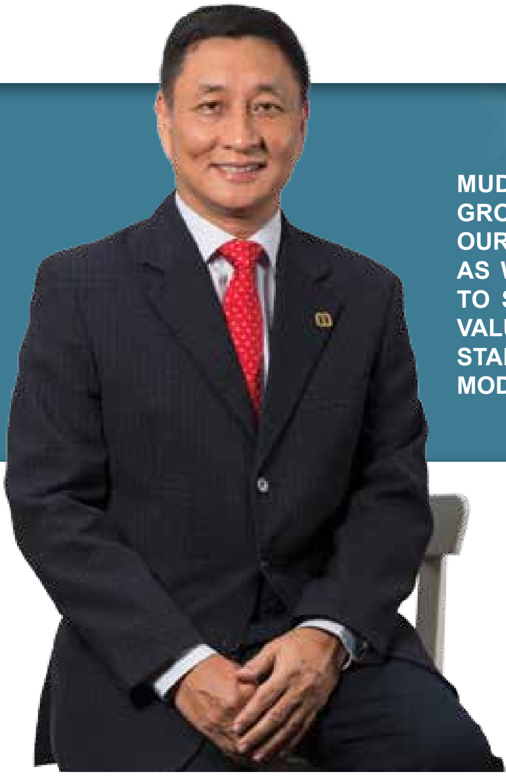
Your life of fantasy is now a reality

Mudajaya owns 40 units of Lumi Tropicana currently which is set in a 6.2 - acre land at the most luxury location at Tropicana, stood majestically opposite the gateway to the Tropicana Golf and Country Resort.

Lumi Tropicana – an urban cocoon of modern-day living, it is a place where lifestyle, leisure and business come together to form a community that shaped by its residents.


MENARA
MUDAJAYA

MANAGEMENT DISCUSSION & ANALYSIS



MUDAJAYA SUCCESSFULLY COMPLETED THE ACQUISITION OF REAL JADE GROUP AND THIS EXPANSION INTO THE CHINA MARKET WILL SUPPLEMENT OUR LOCAL TRADING AND MANUFACTURING OF CONSTRUCTION MATERIALS, AS WELL AS EXPAND OUR MARKET PRESENCE OVERSEAS. WE ARE PROUD TO SAY THAT GUIDED BY OUR PURPOSE AND PRINCIPLES, WE DELIVERED VALUE FOR ALL OUR STAKEHOLDERS AND AS AN ORGANISATION, WE AIM TO STAND OUT FROM OUR COMPETITORS, ANCHORED IN OUR PROVEN BUSINESS MODEL AND GUIDED BY OUR YEARS OF EXPERIENCE.

GROUP REVIEW AND PERFORMANCE

From the 2023 budget announced by the Prime Minister, the exemption from stamp duty for the first Home Ownership Campaign will be extended, and we welcome the government's announcement to reduce the cost of stamp duty for the transfer of property through love affection between parents and children, grandparents and grandchildren. We hope that the real estate market will continue to improve so that new projects in the pipeline can be launched to maximise shareholders' returns. In the construction segment, Mudajaya continues to diversify its business portfolio in search of opportunities to replenish its order book. Mudajaya is keen to expand its footage in the renewable energy sector and will actively participate in upcoming large scale solar farm projects. In November 2022, Mudajaya successfully completed the acquisition of Real Jade Limited. As a result, the current ratio of Mudajaya improved from 1.6 times in 2021 to 1.9 times in 2022.

KEY DRIVING FACTORS

Increasing the effectiveness of our workforce directly correlates to improved organisational performance. Thus, talent development and growth remain a top priority and one we consistently focus on at Mudajaya. Understanding the components of talent management is essential, and the key to developing an effective workforce is to align talent management with business objectives and identify the specific competencies required for cultivating employee growth. Therefore, we continue to put a strong emphasis on attracting and retaining talents, developing skills and competencies and fostering a dynamic work environment.

OUTLOOK AND MARKET REVIEW

The World Bank forecasts Malaysia's economy to grow by 4.0% in 2023 with an expected slowdown in external demand. This follows an unexpectedly strong 7.8% rebound last year. Malaysia's strong performance in 2022 overall - was likely due in part to withdrawals from the Employees Provident Fund ("EPF"), which contributed to higher private consumption in Malaysia than in other countries. In addition, improved labor market conditions, other government policy measures such as the increase in the minimum wage, and cash assistance programs such as Bantuan Keluarga Malaysia provided additional support. Overall, sentiment remains cautiously positive, and analysts point out that the Malaysian government continues to provide macroeconomic stability. Nevertheless, we must be prepared for a number of risks to the growth outlook, which according to the World Bank include insufficient containment of future outbreaks, an increased number of vulnerable households, and domestic political uncertainties.

KEY RISKS AND MITIGATION STRATEGIES

The Group attaches great importance to risk management and internal control and has therefore established a risk monitoring system that is constantly optimised to ensure its effectiveness, in the hope of creating added value for the Group, promoting the achievement of corporate objectives and protecting the interests of shareholders.

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

LRT 3 GS01 Elevated Station and Viaduct at Damansara Toll Plaza

SEGMENTAL ANALYSIS:
CONSTRUCTION SECTOR

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

SECTORAL LANDSCAPE

Moving forward, 2023 should see a better year for the construction sector as compared to the previous two years that were impacted by the Covid-19 pandemic. Normalacy in work and productivity has returned to near pre-pandemic levels now that the Covid-19 enters the endemic phase.

The sector is also supported by initiatives launched by the new Unity Government through its maiden Budget 2023 thats emphasized on recovery of the Malaysian economy and targeted projects such as the MRT Circle Line, infrastructure projects in Penang, Johor, Sabah and Sarawak. Budget 2023 has also allocated RM95bil of Development Expenditure from RM75.6bil last year and Malaysia's GDP for 2023 is forecast to grow at approximately 4.5%.

Notwithstanding the above, the global economy remains volatile due to the prolonged Russia and Ukraine conflict that has resulted in inflationary material prices and rise to interest rates these inflationary pressures in turn continue to post challenges to the local construction industry.

On this note, Mudajaya remains cautiously optimistic in securing selective projects in Malaysia that will be rolled out by the Government.

ACHIEVEMENTS IN 2022

2022 notably witnessed two key achievements, namely the successful completion of street lighting, High Mast and Traffic Light subcontract works for the Sg Besi Ulu Klang Eexpressway Project (SUKE) and first section of Pan Borneo Sarawak (Selangau Section). SUKE project was completed and handed over on 16th Sept 2022 while the the Pan Borneo Selangau section was opened for public use on Nov 2022. The LRT3 GS01 project also see much more progress after the pandemic whereby Viaduct section and the 3 stations are expected to complete by Q2 2023.

In 2023, we were also been awarded the earthworks package for Gurun Power Plant project in Kedah and Vehicular Yard for Senari Port Project in Sarawak, totalling approximately RM150mil. Both projects are ongoing now and expected to be completed on time. The second and final section (Balingin) of the Sarawak Pan Borneo Highway Package 8 expected to complete and handover in May 2023 as scheduled.

WAY FORWARD

Notwithstanding the challenges experienced in year 2022, it is hopeful that year 2023 will see an improvement to the construction sector. Private sector will again lead the investments related to the factories & logistic warehouses and will continue to see an upward trend.

Public expenditures listed in the government annual budget for Development Expenditures projects such as hospitals, schools, roads and bridges, ports and flood mitigation projects continue to witness active tender calling. Also in the recent budget announcement was mega projects like MRT-3 and Pan Borneo Sabah will remain in our radar for participation. However, in view of these projects will come in stages, tenders will remain competitive to all the tenderers.

With opening of the country's borders and the rise of the new normal post Covid-19, we should not close the doors to seek opportunities in overseas especially China.

Supply, delivery, installation and commissioning of street lighting along Sungai Besi - Ulu Kelang Elevated Expressway

49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

SEGMENTAL ANALYSIS: POWER SECTOR

SECTORAL LANDSCAPE

Mudajaya's power unit undertakes the concession and IPP assets within the energy sector. At present, Mudajaya operates, owns, and manages two solar PV assets with total capacity of approximately 59MW. The first 10MW solar PV plant is located at Gebeng, Pahang and the second 49MW plant is located at Sungai Siput, Perak. Mudajaya's historical assets in the power generation sector include a 2 x 7 MW coal fired power plant in Sulawesi, Indonesia and a 4 x 360 MW coal-fired plant in Chhattisgarh, India.

ACHIEVEMENTS IN 2022

During 2022, Mudajaya's solar PV plants generated approximately 93GWh of clean and renewable energy and eliminated over 54,000 ton of CO_2.The energy generation in 2022 for the two solar PV plant is comparatively lower than the generation in 2021 due to lower irradiation.

Mudajaya's 2 x 7 MW coal fired power plant in Sulawesi, Indonesia generated 81,474 MWh of electricity with better profits which resulting from the higher revenue and coal price allocation.

The power plant in India also have recorded a profit for the year 2022 amounted to RM237mil from its operations and with the growing demands for power in India, this performance is expected to further improve in 2023.

49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

WAY FORWARD

With the Government of Malaysia's commitment towards the 2012 Paris Agreement targets remain intact, the government have revised and increase its national RE capacity to 20 percent of the generation mix by 2025. As part of the process, Malaysia is expected to expand renewable capacity excluding Hydropower from 6 to 14GW, rising from 18% to 30% of the generation mix to support its aim of meeting Sustainable Development Goals (SDG) targets. Green Investment Tax Allowance (GITA) for purchasing green technology assets and green income tax exemption have been extended to 2025 and the government have also launched the RM2.0 billion Green Technology Financing Scheme 3.0 (GTFS 3.0) in Budget 2023.

With the increase in RE target mix to 30%, Mudajaya expect Suruhanjaya Tenaga to rollout sizeable, large scale solar through LSS5 programme in 2023 and Corporate Green Power Programme (CGPP) in which Mudajaya will continue to participate. Besides solar PV project, Mudajaya will also look out for other renewable energy projects for the Group.

49 MW Solar Photovoltaic Power Plant, Sungai Siput, Perak

Overall aerial view of Precast Manufacturing plant in Ijok

SEGMENTAL ANALYSIS:
MANUFACTURING, TRADING AND OTHER SECTOR

SECTORAL LANDSCAPE

Mudajaya's trading, manufacturing and other units mainly covers the trading, production and investment divisions. The main activities here include trading of construction materials, production of ready-mixed concrete and precast concrete products.

ACHIEVEMENTS IN 2022

The manufacturing and trading sector performed well with consistent rollouts and sufficient order book in 2022. The manufacturing sector witnessed its foray into the manufacturing, sales and trading of cement business through the acquisition of Real Jade Ltd that owns a 1 million tonne per annum production capacity in Shandong, China.

WAY FORWARD

With formation of the new unity government in November 2022 and the announcement of the Budget 2023, it remains to be seen whether the proposed budget on the construction sector will carry through. Nevertheless, a clearer roadmap has definitively been shown through with the aim to achieve the multiple sustainable development goals. It is expected that some mega projects such as the MRT3, ECRL, Pan Borneo Expressway Sabah, RTS Link, may be continued or implemented in 2023 in order to achieve the broader national goal of improving the socioeconomic position of Malaysia. We hope that with the continuation and implementation of these mega projects, we will be successful to secure some orders and increase the order book in the domestic market.

Precast concrete U-Beams for SUKE project

Reinforced concrete T-Beams for LRT3 project

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

Real Jade's principal activity is holding investments. Through its subsidiaries, the Real Jade Group began operations in 1993 and became one of the 60 major players in the cement industry nationwide across China. In addition to cement production and trading, our business has also expanded to energy conservation and environmental protection industry.

Cement trading

Real Jade Group is actively engaged in cement trading in the Shanghai region. The Group's annual sales volume is estimated at 2 million tons, representing a market share of approximately 10% in Shanghai, China with a complete supply chain established over the years.

Cement production

Real Jade Group owns and operates a cement production plant in Shandong Province, China. It was built in 2003 with a land area of approximately 141,800 square meters and an operating plant area of approximately 20,300 square meters for the production of cement and clinker.

In 2011, Real Jade Group was awarded the highest standards in quality management, environmental management, occupational health and safety management and energy management. It was also awarded "Meritorious Foreign Ventured Company of Zaozhuang City", "Model Company of Safety Culture in Shandong Province", "Top 500 Construction Material Companies in China" and "Top 100 of Most Developing Construction Companies". The "Taili" cement product, produced by the Group, was awarded "Known Brand of Shandong Province". The subsidiary of Shandong Allied Wangchao Cement Limited was ranked as one of the national high-tech enterprises due to the continuous improvement of production equipment.

Project of air conditioning cleaning for 1000 trees in Shanghai

Refurbishment of roofing host and air conditioning box undertake by Real Jade Group

For the two-month period ended 31 December 2022, the Group's cumulative cement sales volumes were approximately 138,000 tonnes, a decrease of 26% compared to approximately 187,000 tonnes in the same period last year. The lower sales volume in the respective periods was mainly due to the strict Covid lockdowns in China in the months of November and December 2022. This resulted in the shutdown of the cement plant and lower deliveries to customers. However, operations resumed in January 2023 when the shutdowns in China were lifted.

Energy Conservation and Environmental Protection

As a member of the Shanghai Energy Saving and Environmental Protect Service Committee, the Group has been rated with "three-star capabilities in contractual energy management and other technological changes" and "level AA in credit assessment". The Group is dedicated to building energy conservation and provides Heating, Ventilation, and Air Conditioning (HVAC), energy saving and environmental protection solutions for customers.

The Group has highly qualified professionals to provide state-of-the-art energy-saving technologies and equipment, such as centrifugal chillers with magnetic levitation and variable speed, frequency conversion technology for centrifuges, large air-cooled heat pump units, water cooling/heating units for air-source heat pumps, high-efficiency and energy-saving water pumps, self-control systems for server rooms, and other new energy technologies. Through strategic partnership with YORK, Carrier, TRANE and McQuay and many well-known AC companies, the Group offers up to 30% energy savings through equipment conversion.

Rotary kiln waste heat heating project for Shandong Allied Wangchao Cement

Upgrade of new air-conditioning unit for Shanxi Building in Shanghai

Aerial View of Batu Kawah New Township at Kuching, Sawarak

SEGMENTAL ANALYSIS:
PROPERTY SECTOR

SECTORAL LANDSCAPE

Mudajaya's property unit involves in property development, leasing and building management and maintenance services in Kuala Lumpur and Kuching. It had launched and completed more than RM 1 billion worth of properties for the Group and won multiple awards for its projects.

ACHIEVEMENT IN 2022

The year 2022 saw the reopening of the market in April 2022. The hope that the property market would experience "revenge buying" as witnessed in the retail and tourism sectors did not materialize, especially where the products are targeting at the younger generation. The multiple hikes in interest rates, shadows of inflation, the Russian-Ukraine tension, slowdown of China and Europe economy and the disrupted global supply chain in addition to the 15th General Election were amongst the reasons for buyers to adopt a wait-and-see attitude. End-users and younger generation resorted to rent instead of buy as the higher interest rates resulted in higher monthly loan repayment and their eligibility for higher loan margin is compromised. The situation is aggravated by the supply of newly completed properties and price cannibalism amongst desperate developers, sub-sale owners and auctions by banks. The rental rates for commercial office space were lower as most buildings are competing to fill up the balance spaces to ease cashflow and demand for office space was significantly affected by the work-from-home concept post pandemic.

Lumi Tropicana units with fully furnished package

The team in East and West Malaysia were fast in adapting to the market by changing the target audience to existing buyers and tenants and offers innovation marketing packages to assist the buyers in owning a home or business address, for instance Rent-To-Buy; offering fully furnished units for shops and apartments; differed instalment scheme for differential sum and extended defect liability period.

WAY FORWARD

With the various positive announcements by the new government and the recovery in employment market, we are planning to launch new projects in Batu Kawah New Township to attract renewed interest and improve the revenue and profit.

Batu Kawah New Township - Skyvilla Block D units with fully furnished package

MANAGEMENT DISCUSSION & ANALYSIS
(CONTINUED)

FINANCIAL POSITION ANALYSIS

in RM'000	31.12.2022	31.12.2021 (Restated)	Variance
Non-current assets	633,839	478,599	32%
Current assets	1,292,024	541,499	139%
Total assets	1,925,863	1,020,098	89%
Equity attributable to owners of the Company	404,144	264,713	53%
Non-current liabilities	553,476	369,324	50%
Current liabilities	693,399	347,973	99%
Total liabilities	1,246,875	717,297	74%
Current ratio (times)	1.9	1.6	
Gearing ratio (times)	1.81	1.82	

Total assets and total liabilities

Total assets and total liabilities as at 31 December 2022 amounting to RM1,925 million and RM1,247 million, respectively, increased by 89% and 74% as compared to RM1,020 million and RM717 million, respectively, as at 31 December 2021, mainly due to the consolidation of the new subsidiaries, namely Real Jade Group, upon completion of its acquisition.

Equity attributable to owners of the Company

Equity attributable to owners of the Company increased by 53% as of 31 December 2022, compared to 31 December 2021, primarily due to the increase in share capital resulting from the new issuance of ordinary shares due to the exercise of warrants.

Current ratio (Current assets/Current liabilities)

The Group's current ratio improved from 1.6 times in the prior year to 1.9 times as of 31 December 2022, indicating that the Group has better liquidity to meet its obligations that are current or due within one year.

Gearing ratio (Total borrowings/Equity attributable to owners of the Company)

The Group's gearing ratio improved slightly from 1.82 times at 31 December 2021 to 1.81 times as at 31 December 2022, indicating that the Group is less vulnerable to economic downturns and the business cycle.

Aerial view of cement production plant at Shandong, China

PROFIT OR LOSS ANALYSIS

in RM'000	31.12.2022	31.12.2021 (Restated)	Variance
Revenue	305,192	250,898	22%
Gross profit	48,170	35,410	36%
Gross profit margin (%)	15.8	14.1	12%
Finance cost	31,683	44,430	- 29%
Profit before tax	29,889	19,993	49%
Profit for the year	24,465	13,901	76%

Revenue, gross profit and gross margin

The Group reported revenue and gross profit of RM305.2 million and RM48.2 million for the year ended 31 December 2022, representing an increase of approximately 22% and 36% in revenue and gross profit, respectively, as compared to RM250.9 million and RM35.4 million in the previous financial year. The improved financial performance in the current year was mainly due to the consolidation of new revenue streams arising from the acquisition of Real Jade Group from November 2022 onwards, involving cement manufacturing, trading and sales, as well as energy conservation and reuse activities in China.

Finance cost

The Group recorded finance costs of RM31.7 million for the year ended 31 December 2022, a decrease of 29% from RM44.4 million in the previous financial year. The saving in finance costs was the result of the repayment of loans and borrowings in the previous year through the proceeds raised from the corporate exercise by the Company in rights issue.

Profit for the year

The Group's profit for the year in 2022 of RM24.5 million has improved significantly in the current financial year compared to the previous financial year's profit of RM13.9 million. The improvement in profit was mainly due to the higher progress workdone achieved from the ongoing construction projects in Malaysia.

CASH FLOW ANALYSIS

in RM'000	2022	2021
Net cash (used in)/from operating activities	(30,168)	115,205
Net cash generated from investing activities	106,385	168,302
Net cash from/(used in) financing activities	55,555	(280,357)
Net increase in cash and cash equivalents	131,772	3,150
Effect of exchange rate fluctuations on cash held	(20,504)	(5,984)
Cash and cash equivalents* at 1 Jan	57,101	59,935
Cash and cash equivalents* at 31 Dec	168,369	57,101

** excluded pledged deposits*

As at 31 December 2022, cash and cash equivalents, excluding pledged deposits, increased 195% compared to 31 December 2021. The net cash used in operating activities in 2022 compared to net cash generated from operating activities in 2021 was primarily due to higher contract assets and higher accounts payables recorded in 2022. Net cash generated from investing activities was lower in 2022 due to higher redemption of pledged deposits in 2021 for the purpose of repaying loans and borrowings. This is in line with the net cash used in financing activities in 2021.

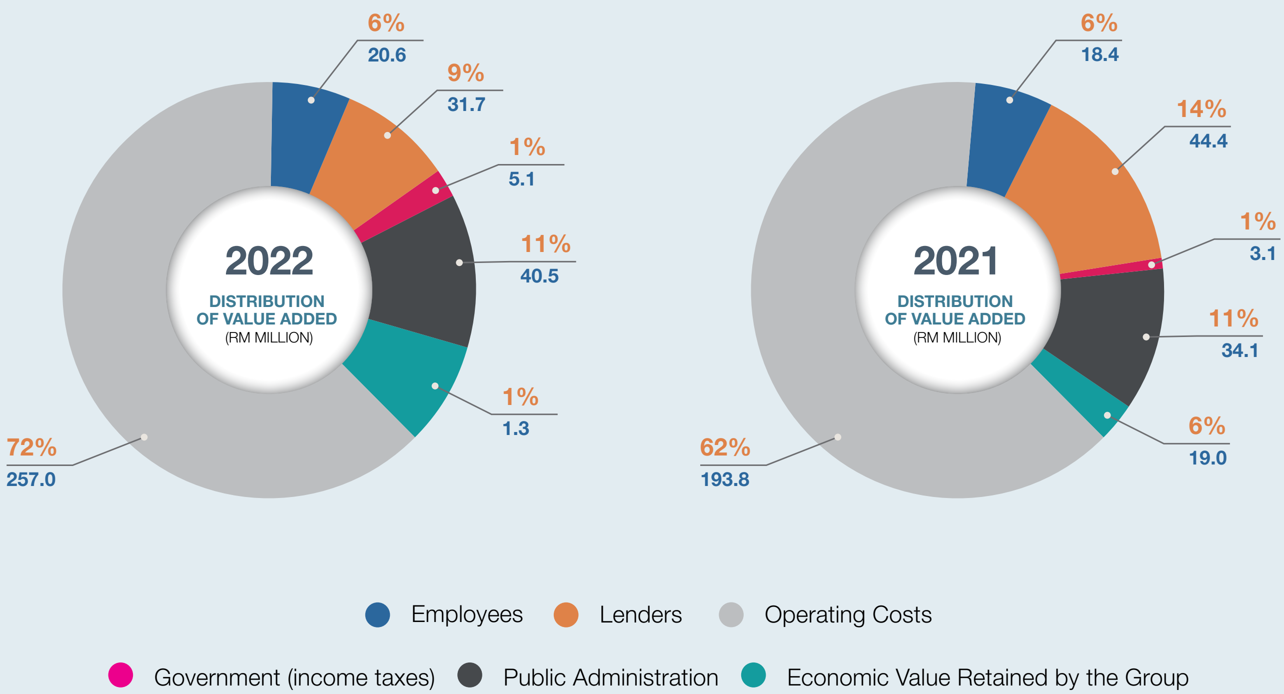
VALUE-ADDED STATEMENT

Mudajaya Group aims to create sustainable value by relentlessly looking for opportunities for sustainable revenue growth and enhanced profitability. We work hard to maintain a strong financial position and increase our positive contribution to society to ensure the wellbeing of all our stakeholders.

This statement is a measure of the wealth created by the Group through its various business activities and shows how the Group's economic activities provide value to our employees, partners, shareholders, investors and the community. Mudajaya Group's value added amounted to RM356.2 million (2021: RM312.8 million) – with 72% (2021: 62%) of the value added of RM257.0 million (2021: RM193.8 million) directed to Operating Costs. Additionally, distribution to employees in the form of wages and benefits amounted to RM20.6 million (RM18.4 million).

The Group reported RM1.3 million (2021: RM19.0 million) of retained economic value.

"WE CONTINUE TO MAKE INVESTMENTS THAT WILL PRIORITIZE OUR STAKEHOLDERS' WELLBEING"



INVESTOR RELATIONS 2022

Dear shareholders and stakeholders,

We are pleased to present our Investor Relations Statement for the year ending December 31, 2022. Mudajaya Group continued to perform well despite the challenging economic environment, with a focus on executing our strategy and delivering sustainable growth.

LRT3 GS01 viaduct section near Damansara Toll Plaza

FINANCIAL PERFORMANCE

Mudajaya Group financial performance in 2022 was strong, with revenue increased 22% and profit before tax increased 49% year-on-year. We achieved this by expanding our geographical footprint in the China market and to capture the growth opportunities in the manufacturing and trading of cement as well as the activities in energy conservation and reuse solutions related.

BUSINESS ACTIVITIES

We continued to invest in our core business activities, the sectoral diversification of Mudajaya enable its does not focus solely on construction; we are also involved in power sector (renewable energy), property development, manufacturing and trading. The property development sector's innovative concept and quick response to the changing market demand has contributed positively to the Group's bottom line despite the sluggish market and amid slower economic growth. The acquisition of Real Jade Ltd., a cement manufacturing and trading group in China allow Mudajaya tapping into opportunities beyond our national borders.

FUTURE PROSPECTS

We look forward to the resumption of strategic infrastructure development projects such as the East Coast Railway Link ("ECRL"), Klang Valley Double Tracking ("KVDT") Phase 2, and Mass Transit Rapid 3 ("MRT3"), as well as more public spending on renewable energy and infrastructure projects in East Malaysia. Apart from these, the renewable energy sector shows promising potential in 2023; the Malaysian Ministry of Energy and Natural Resources ("KeTSA") has set a target of 31% renewable energy share of national installed capacity by 2025. The government aims to maximise the green industry by providing the Green Investment Tax Allowance ("GITA") and the Green Income Tax Exemption ("GITE"). It also introduces tax incentives for solar leasing companies by exempting them from 70% income tax for up to 10 years.

We intend to leverage our presence in China by competing for potential construction project management and trading contracts, drawing on our rich experience and strong track record in this field. We are optimistic about the future and believe we are well positioned to take advantage of the opportunities available to us in the changing business landscape. We will continue to focus on innovation, customer satisfaction and sustainable growth while ensuring that we maintain a solid financial position.

Finally, we would like to thank our shareholders and stakeholders for their continued support and confidence in our company. We remain committed to creating value for all our stakeholders and look forward to achieving our strategic goals in the coming years. All in all, the Group is expecting a better outlook in 2023 both in terms of our top and bottom lines.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Mudajaya (or "**the Company**") is pleased to provide an overview of the Company's corporate governance practices during the financial year ended 31 December 2022 with reference to the 3 key Principles as set out in the updated Malaysian Code on Corporate Governance 2021 ("**MCCG 2021**") namely (a) Board leadership and effectiveness; (b) Effective audit and risk management; and (c) Integrity in corporate reporting and meaningful relationship with stakeholders. The Company's application of each Practice set out in MCCG 2021 during the financial year 2022 is disclosed in the Company's Corporate Governance Report ("**CG Report**") which is available on the Company's website at *www.mudajaya.com* as well as via the Company's announcement made to Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Board remains committed to high standards of corporate governance driven by the ultimate objective of protecting and enhancing shareholder value and the financial performance of the Company and its subsidiaries ("**the Group**").

The Board recognises that maintaining good corporate governance is critical to business integrity and performance, and key to delivering shareholder value. The Board continuously evaluates and adapts existing corporate governance practices in line with other known best practices and developments in the corporate sector.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board has general oversight of management of the Group. The Board provides direction to Management on the Group's strategy and overall policies for long-term value creation for all stakeholders including shareholders and employees. It endeavours to do this by taking into account the interests of all stakeholders in its decisions.

The Board is not directly involved in the day-to-day management of the Group but implements and monitors adequate guidelines and policies to ensure that Management acts in the best interest of the Group and its stakeholders, and observes and conforms to proper ethical, regulatory and legal requirements. In doing so, the Board has set limits of authority and boundaries for the actions that may be taken by Management and matters that it considers sufficiently material for its deliberation and approval.

In the interest of business efficacy, the Board may delegate authority to achieve the corporate objectives of the Group to the Executive Chairman and Group Managing Director & Chief Executive Officer ("**Group CEO**"), supported by an Executive Committee (a Management-level Committee). The Executive Chairman and Group CEO remain accountable to the Board for all actions taken by them pursuant to any such authority as well as for their performance in accordance with their contracts of service. Notwithstanding, the Board reserves the authority to consider and make decisions on any matter that it deems of significance to stakeholders and the Group. Furthermore, the Board may establish Key Performance Indicators (KPI) for Management to ensure that they meet performance and delivery targets for the Group and will provide incentives for performance, and link remuneration and benefits to performance.

The role of the Independent Directors is to take into account the interest of all shareholders and adopt an independent and objective stand on all matters before the Board. Independent Directors must vocalise their views on all matters and act in the best interest of the Group as a whole.

The Board has established Board Committees namely the Audit Committee ("**AC**"), Combined Nomination and Remuneration Committee ("**CNRC**"), Risk Management Committee ("**RMC**") and Investment Committee to assist the Board with specific matters within their respective terms of reference. The terms of reference of these Board Committees have been approved by the Board but are continuously evaluated to ensure that they are adequate and relevant. Although specific powers are delegated to the Board Committees, the Board keeps itself abreast through the reports from the respective Chairmen of the Board Committees and the minutes of the Board Committee meetings. The ultimate responsibility for decision-making, however, lies with the Board.

Separation of Positions of the Chairman and Group CEO

There is a clear division of responsibilities between the Executive Chairman and the Group CEO to ensure that there is a balance of power and authority such that neither individual has unfettered power over decision-making.

The Executive Chairman is primarily responsible for the vision and strategic direction of the Group as well as leadership of the Board. The Executive Chairman moderates and guides all meetings, and encourages active participation and contribution from all members of the Board. He engages directly with the Group CEO to monitor performance and oversees the implementation of strategies.

The Group CEO is responsible for the day-to-day management of the Group's operations and businesses as well as implementation of the Board's policies and decisions.

The Executive Chairman is not a member of any Board Committee in compliance with Practice 1.4 of the MCCG 2021.

Company Secretaries

The Board is supported by suitably qualified Company Secretaries who manage and direct the flow of information to the Board and its Committees. They are responsible for developing and maintaining the processes that enable the Board to fulfil its roles, ensuring compliance with the Company's Constitution and the relevant guidelines, regulatory and statutory requirements, and advising the Board on all governance matters.

The Board is regularly updated and advised by the Company Secretaries on new statutory and regulatory requirements, and the implications on the Group and the Directors in relation to their duties and responsibilities. The Company Secretaries also oversee the adherence to Board policies and procedures.

Board Meetings and Access to Information and Advice

Each Director has full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties.

The Board meets quarterly to review financial, operational and business performances, with additional meetings convened when necessary. The Board endeavours to deliberate on all important and material matters at physical/ virtual meetings, however where urgent and unforeseen matters require a decision of the Board and a physical meeting is not possible, the available Directors endeavour to arrive at a consensus by conferring via telephone or other electronic means. The Board may make routine or administrative decisions via circular resolutions. In all cases, the Board decides after receiving the information it requires for an informed decision.

All Directors are provided with an agenda and a set of agenda papers at least 5 business days prior to the Board and Committee meetings to enable the Directors to review and consider the items to be deliberated at the meetings. The Directors may seek advice from Management, or request further explanation, information or updates, where necessary. Additionally, the Board may receive further updates, reports and information to ensure that it is apprised of the latest key business, financial and operational matters.

Board Charter

The Board is guided by the Board Charter which sets out amongst others, the roles and responsibilities of the Board, Board Committees, individual Directors and Management in upholding good corporate governance standards and practices. The Board Charter also covers the composition of the Board; division of responsibilities between the Chairman and Group CEO; matters reserved for the Board's consideration and approval; procedures for convening Board meetings; Directors' remuneration and training; financial reporting; investor relations; and shareholder communication. The Board Charter is accessible in Mudajaya's website at *www.mudajaya.com*.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Code of Ethics and Conduct

The Board has a formalised Code of Ethics and Conduct ("**the Code**") which reflects Mudajaya's vision and core values of integrity, respect, trust and openness. The Code provides clear direction on the conduct of business, workplace behaviour, relations with stakeholders and the wider community. It also includes guidance on disclosure of conflict of interests; maintaining confidentiality and disclosure of information; good practices and internal controls; compliance with relevant laws and regulations; and the duty to report where there is a breach of the Code, amongst others. The Code is made available on Mudajaya's website at *www.mudajaya.com*.

Whistleblowing Policy & Procedure

Mudajaya has in place a Whistleblowing Policy & Procedure to provide an avenue and mechanism to all employees and stakeholders of the Group to report concerns in strict confidence, about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or other forms of inappropriate or unethical behaviour. Reports can be made anonymously without fear of retaliation or repercussions and will be treated confidentially. There is a process in place to independently investigate all reports received to ensure the appropriate follow-up actions are taken.

The Whistleblowing Policy & Procedure was revised in year 2020 for the purpose of compliance with the ISO 37001:2016 Anti-Bribery Management System ("**ABMS**"). Mudajaya obtained the ISO 37001:2016 ABMS certification on 10 June 2020. The revised Whistleblowing Policy & Procedure which was approved by the Board on 27 February 2020, is published on Mudajaya's website at *www.mudajaya.com*.

Anti-Bribery and Corruption Policies

In compliance with the new Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and guided by the principles under the Guidelines for Adequate Procedures and Paragraph 15.29 of the Main Market Listing Requirements of Bursa Securities in relation to anti-bribery, the Board has on 27 February 2020, approved the new Anti-Bribery Policy Statement. On 28 May 2020, the Board adopted the Anti-Bribery Manual and the Anti-Bribery Objectives & Targets.

The Anti-Bribery Policy Statement, Anti-Bribery Manual and the internal policies set out the procedures and measures implemented by Mudajaya to prevent the occurrence of corruption in connection with its business and to ensure compliance with anti-corruption laws in the countries in which the Group operates. These policies serve as control measures to address and manage the risks of fraud, bribery, corruption, misconduct and unethical practices for the benefit of long-term success of the Company.

The Anti-Bribery Policy Statement is published on Mudajaya's website at *www.mudajaya.com*.

Directors' Fit and Proper Policy

In compliance with Paragraph 15.01A of the Main Market Listing Requirements of Bursa Securities, the Board has on 27 May 2022, approved the new Directors' Fit and Proper Policy for the appointment and re-election of directors.

The objective of the Directors' Fit and Proper Policy is to guide the CNRC and the Board in their review and assessment of potential candidates for appointment as Directors as well as Directors who are seeking for re-election at the Annual General Meeting ("**AGM**") of the Company. This Policy also aims to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders.

The Directors' Fit and Proper Policy is published on Mudajaya's website at *www.mudajaya.com*.

Sustainability Governance

The Board together with Management are responsible for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities and targets. The Management team, led by the Group CEO is continuously enhancing the sustainability management framework and processes to ensure effective implementation and execution of the environmental, social and governance ("**ESG**") initiatives.

Mudajaya has a sustainability governance structure that clearly defines the roles and responsibilities of those within the organisation who will be facilitating the development and implementation of sustainable policies and procedures.

The Sustainability Steering Committee ("**SSC**") which was formed in 2021, is responsible for carrying out sustainability programmes and assessing the results of these initiatives. On a day-to-day operational perspective, the SSC is supported by selected executives across departments to implement sustainability initiatives and report progress to the SSC. The Group CEO who chairs the SSC, is tasked to drive the sustainability strategy from an executive level, ensuring that sustainability initiatives are carried out in accordance with their respective objectives and timeframe.

To ensure the long-term expectations of stakeholders are met, Mudajaya continues to monitor its sustainability priorities, including taking the necessary actions to minimise the environmental impact. The senior leadership team is accountable for embedding sustainability initiatives and targets throughout business operations and overseeing the execution.

II. BOARD COMPOSITION

As at the date of this Statement, the Board has 5 members, comprising the Non-Independent Executive Chairman, Independent Non-Executive Deputy Chairman, Group CEO and 2 Independent Non-Executive Directors. A majority of the Board members consists of Independent Non-Executive Directors, who account for more than half of the members and this allows for more effective oversight of management. The Board composition also complies with Paragraph 15.02(1)(a) of the Main Market Listing Requirements of Bursa Securities, which states that at least 2 directors or one-third of the Board members, whichever is higher, are Independent Directors.

On 22 April 2022, Ms Oei Su Lee was appointed as Independent Non-Executive Director of the Company in compliance with Paragraph 15.02(1)(b) of the Main Market Listing Requirements of Bursa Securities, which states that at least one Director on the Board must be a woman.

The Board has an appropriate mix of relevant skills, knowledge and experience in the areas of business, accounting, finance, economics, construction, engineering, real estate investment and property development, of which are skill sets relevant to the Group. A brief profile of each Director is set out under the Directors' Profile section of this Annual Report.

The composition of Directors during the financial year provides the appropriate size, diversity and balance of expertise, skills and core competencies among the Directors, which are necessary to lead the Group effectively. The Independent Directors provide independent judgement, objectivity, and check and balance on the Board.

CNRC

The CNRC comprises all Independent Non-Executive Directors. In conformity with MCCG 2021, the CNRC is chaired by an Independent Non-Executive Director, Dato' Amin Rafie Bin Othman.

The CNRC has written terms of reference dealing with its authority, duties and responsibilities, which is accessible in Mudajaya's website at *www.mudajaya.com*.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

The activities of the CNRC during the financial year are summarised as follows:-

(a) Reviewed the evaluation results of the Board and Board Committees, and independence assessment of the Independent Directors.

(b) Reviewed the results of the Director's Self & Peer Evaluation and mix of skills, competencies and experience of Directors.

(c) Reviewed the term of office, competency and performance of the AC and its members.

(d) Reviewed the evaluation results of the performance and contribution of the Group CEO.

(e) Reviewed and recommended the re-election of Directors for shareholders' approval at the 2022 AGM.

(f) Reviewed the training programmes attended by the Directors and assessed the training needs of Directors.

(g) Reviewed and recommended for the Board's approval, the offer of employment contract for the Group CEO.

(h) Reviewed and recommended for the Board's approval, the appointment of Ms Oei Su Lee as Independent Non-Executive Director of the Company, as well as a member of the AC, CNRC and RMC, and Chairman of the Investment Committee.

(i) Reviewed and recommended for the Board's approval, the redesignations of Mr Lee Eng Leong and Dato' Amin Rafie Bin Othman as Executive Chairman and Independent Non-Executive Deputy Chairman respectively, as well as the resignation of Mr Lee Eng Leong as a member of the Investment Committee.

The CNRC reports its proceedings and recommendations to the Board for its consideration and approval.

Appointment of New Directors to the Board

The CNRC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous, and that appointments are based on merit. The CNRC is guided by the Directors' Fit and Proper Policy in evaluating the suitability of individuals for appointment as new Directors. The CNRC ensures that the Board comprises individuals with the necessary background, skills, knowledge, experience and competencies to complement the existing Board and meet its future needs.

A proposed candidate is first considered by the CNRC which takes into account, among others, the skills, knowledge, experience, competence, integrity and time commitment of the candidate, before making a recommendation to the Board for approval. A formal procedure and process has been established for the nomination and appointment of new Directors. The process includes conducting an interview or engagement session with the shortlisted candidate, if necessary. Candidates could be sourced through the recommendation of existing Directors, senior management, shareholders, external registries of corporate directors, internal database of potential candidates, third party referrals or from executive search firms.

Diversity of gender, ethnicity and age within the Board is also important, and this includes appropriate mix of skills, experience and competencies which are relevant to enhance the Board's composition. The Board recognises that the evolution of this mix is a long-term process that is deliberated each time a vacancy arises to ensure a balanced and diverse Board composition is maintained.

The Board does not have a specific policy on gender diversity but the CNRC is mindful of its responsibilities to conduct all Board appointment processes in a manner that promotes gender diversity pursuant to the recommendation stated in MCCG 2021. The CNRC will endeavour to consider both suitable male and women candidates, and candidates of all ethnicities in the recruitment exercise, when the need arises. The Board had on 22 April 2022, appointed a female Director namely Ms Oei Su Lee, which represents 20% of the Board.

Tenure of Independent Directors and Annual Assessment of Independence

The Board acknowledges the importance of Independent Directors who are tasked with ensuring that there is a proper check and balance on the Board as they are able to provide unbiased and independent views in Board deliberations and decision making of the Board, taking into account the interests of the Group and the minority shareholders.

In its annual assessment, the CNRC reviewed the independence of Independent Directors. Based on the assessment, the Board is of the opinion that the Independent Directors consistently provided independent and objective judgement in all Board and Board Committee deliberations, and is satisfied with the level of independence demonstrated by the Independent Directors and their ability to act in the best interest of the Company.

Re-election of Directors

The Company's Constitution provides that one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third, shall retire from office at each AGM. Each Director shall retire once at least in each 3 years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. As for Directors who are appointed by the Board during the year, they are subject to re-election at the next AGM following their appointment.

The performance of those Directors who are subject to re-election at the AGM will be subject to assessment conducted by the CNRC, whereupon the CNRC's recommendations are made to the Board on the proposed re-election of the Directors concerned for shareholders' approval at the AGM. The re-election of each Director is voted as a separate resolution during the AGM.

Annual Evaluation of Directors

The Board annually evaluates its performance and governance processes with the aim of improving individual Director's contributions, and effectiveness of the Board and its Committees.

During the financial year, a Board evaluation exercise was carried out to assess the performance and effectiveness of the Board, Board Committees and the contribution of each Director based on a set of pre-determined criteria.

The CNRC reviewed the overall results of the evaluations conducted and subsequently tabled the same to the Board and highlighted those areas which required further and continuous improvement.

Time Commitment

During the financial year, the level of time commitment given by the Directors was satisfactory, which was evidenced by the attendance record of the Directors at the Board and Board Committees' meetings held.

To facilitate the Directors' time planning, a schedule of meetings comprising the dates of Board and Board Committees' meetings and AGM, would be prepared and circulated to them at the end of every year.

A total of 7 Board meetings were held during the financial year ended 31 December 2022 and the record of attendance of the Directors is as follows:-

Name of Directors	Number of Meetings Attended	Percentage of Attendance (%)
Lee Eng Leong	7/7	100%
Dato' Amin Rafie Bin Othman	7/7	100%
Ir. James Wong Tet Foh	7/7	100%
Chew Hoy Ping	7/7	100%
Oei Su Lee *(Appointed on 22 April 2022)*	5/5*	100%

** Based on the number of meetings attended during the time the Director held office.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

All the Directors have complied with the minimum requirement of at least 50% on attendance of Board meetings during the financial year as stipulated in the Main Market Listing Requirements of Bursa Securities.

In compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities, the Directors of the Company hold not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are focused on the affairs of the Group.

Directors' Training, Development and Induction

The Board acknowledges that continuous education is vital to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the skills and knowledge in discharging its responsibilities.

All the Directors, apart from attending the Mandatory Accreditation Programme as required by Bursa Securities, have also attended other training programmes organised by the relevant regulatory authorities or professional bodies to broaden their knowledge and to keep abreast with the relevant changes in laws, regulations and the business environment. The Directors are mindful that they should continue to update their skills and knowledge to sustain their active participation in Board deliberations and maximise their effectiveness during their tenure.

The Directors have ongoing access to continuing education programmes as they are kept informed of relevant training programmes by the Company Secretary. The records of all training programmes attended by the Directors are maintained by the Company Secretary.

Annually, the Board (through the CNRC) reviewed the training programmes attended by the Directors and assessed the training needs of its members to assist them in the discharge of their duties as Directors. Details of the training programmes (eg. conferences, workshops, seminars and webinars) attended by the Directors during the financial year ended 31 December 2022 are as follows:-

Name of Directors	Training Programmes Attended	Organiser	Date
Lee Eng Leong	1) Corporate Governance Guide 4th Edition: Rise Together	Malaysian Institute of Corporate Governance	17 March 2022
	2) Banking on Islamic Finance for a Sustainable Future	Malaysian Institute of Certified Public Accountants	17 May 2022
	3) MIA International Accountants Conference 2022	Malaysian Institute of Accountants	8 & 9 June 2022
	4) Pre-Budget 2023 Dialogue with Minister of Finance	Kuala Lumpur Business Club	26 August 2022
	5) Dialogue with Hon. Mr Lawrence Wong, Singapore Deputy Prime Minister & Minister of Finance – Global Headwinds: A Singapore Perspective	Kuala Lumpur Business Club	5 September 2022
	6) Sustainable Finance Series "Towards a Zero Carbon Future: The New Funding Landscape and Supply Chain Opportunities"	Malaysian Institute of Certified Public Accountants & Sustainable Finance Institute Asia	6 September 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Name of Directors	Training Programmes Attended	Organiser	Date
Dato' Amin Rafie Bin Othman	1) TCFD Climate Disclosure Training Programme	Bursa Malaysia Securities Berhad	2 & 9 March 2022
	2) Accelerating Sustainability for Corporate Malaysia	Malaysian Institute of Management	7 December 2022
	3) Anti-Bribery Management System for ISO37001: Refresher Briefing for Directors	Mudajaya Corporation Berhad	9 December 2022
Ir. James Wong Tet Foh	1) TCFD Climate Disclosure Training Programme	Bursa Malaysia Securities Berhad	2 & 9 March 2022
	2) Asia Pacific Energy Week	Siemens Energy Asia Pacific	28 & 29 March 2022
	3) Exploring a Low Emissions Pathway for Malaysia	Climate Governance Malaysia	21 & 22 April 2022
	4) Tackling the Public & Private Sectors Challenges in Whistleblowing	ABAC	23 June 2022
	5) Glasgow Climate Pact, working towards Sharm El-Sheikh COP27	MASSA	13 July 2022
	6) Macquarie Group Call: BlackRock's evolving approach to stewardship in Asia	Macquarie	3 August 2022
	7) Third Party Risk Management – Global Survey Report 2022	Deloitte	11 August 2022
	8) Property & Construction Sector Round Table Engagement	Climate Governance Malaysia	17 August 2022
	9) Pre-Budget 2023 Dialogue	Kuala Lumpur Business Club	26 August 2022
	10) The Cooler Earth Sustainability Summit 2022	CIMB Bank	20-24 September 2022
	11) Trends and Disruptions in Sustainable Finance & Innovation and Practical Implementation of Sustainable Finance	Asian Institute of Chartered Bankers	5 October 2022
Chew Hoy Ping	1) Tax Governance: It's Time to Embrace It	Malaysian Institute of Certified Public Accountants	13 January 2022
	2) TCFD Climate Disclosure Training Programme	Bursa Malaysia Securities Berhad	2 & 9 March 2022
	3) Digital Awareness and Upskilling for Board	Institute of Corporate Directors Malaysia	23 March 2022
	4) 2022 Board and Audit Committee Priorities	KPMG	31 May 2022

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Name of Directors	Training Programmes Attended	Organiser	Date
Chew Hoy Ping (cont'd)	5) Digital Signature – Understanding its Principles and Applications	Malaysian Institute of Accountants	7 June 2022
	6) Conversations on Climate Governance #3: Climate Change – Directors' Duties and Governance (Part 1)	ASEAN Climate Governance Network & Sustainable Finance Institute Asia	7 June 2022
	7) Sustainability Management and Reporting	Malaysian Institute of Accountants	22 June 2022
	8) Complying with International Labour Standards	Pricewaterhouse Coopers	28 June 2022
	9) Conversations on Climate Governance #4: Climate Change – Directors' Duties and Governance (Part 2)	ASEAN Climate Governance Network & Sustainable Finance Institute Asia	5 July 2022
	10) Navigating through the Evolution of Corporate Governance with Introduction of Tax Corporate Governance Framework	KPMG	13 July 2022
	11) ESG Disclosure at a Glance: Key Developments and Future Trends	Institute of Corporate Directors Malaysia	27 July 2022
	12) Advocacy Session for Directors and Senior Management of Main Market Listed Issuers	Bursa Malaysia Securities Berhad	9 August 2022
	13) Risk Management Conference 2022	Malaysian Institute of Accountants	10 October 2022
	14) The Effective Board – Integral Components Required for Board Effectiveness	Institute of Corporate Directors Malaysia	11 October 2022
	15) Audit Committee: Megatrends and Priorities for Boards	Institute of Corporate Directors Malaysia & KPMG	8 November 2022
	16) Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2022
	17) Anti-Bribery Management System for ISO37001: Refresher Briefing for Directors	Mudajaya Corporation Berhad	9 December 2022

Name of Directors	Training Programmes Attended	Organiser	Date
Oei Su Lee *(Appointed on 22 April 2022)*	1) Mandatory Accreditation Programme	Institute of Corporate Directors Malaysia	4-6 July 2022
	2) Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers	Bursa Malaysia Securities Berhad	9 August 2022
	3) Emerging Trends Talk #3: ESG Oversight: Role of the Board	Institute of Corporate Directors Malaysia	25 August 2022
	4) Audit Oversight Board – Conversation with Audit Committees	Securities Commission	6 December 2022
	5) Anti-Bribery Management System for ISO37001: Refresher Briefing for Directors	Mudajaya Corporation Berhad	9 December 2022

III. REMUNERATION

Remuneration Policies and Procedures

The objective of Mudajaya's remuneration policies is to attract and retain Directors and key senior management of high calibre needed to run the Company successfully. The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration reflects their experience, expertise and level of responsibilities undertaken by the Non-Executive Directors concerned.

Market survey data on the remuneration practices of comparable companies is taken into consideration in determining the remuneration packages for the Directors and key senior management.

CNRC

The role of the CNRC is to assist the Board in overseeing the remuneration policies of the Group. The CNRC is authorised to commission independent advice for the purpose of discharging its duties and responsibilities.

During the financial year, the CNRC evaluated the Group CEO and Executive Director against the set performance criteria, and reviewed and recommended their compensation packages for the Board's approval, with the Directors concerned abstaining from deliberation and voting on the same. The CNRC also reviewed and recommended for the Board's approval, the remunerations of the Executive Chairman and Independent Non-Executive Deputy Chairman upon their redesignations on 14 July 2022. Both the Executive Chairman and Independent Non-Executive Deputy Chairman abstained from deliberation and voting on their respective remuneration.

The Board collectively determined the remuneration for the Non-Executive Directors based on the recommendation from the CNRC. Each of the Non-Executive Directors abstained from deliberating and voting in respect to his individual remuneration. Directors' fees and benefits payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

Details of Directors' Remuneration

Details of remunerations of the Directors of Mudajaya (received from the Company and on a group basis respectively) for the financial year ended 31 December 2022 are as follows:

Name of Directors	Directors' Fees RM'000	Salaries RM'000	Defined Contribution Plan RM'000	Fixed Allowances RM'000	Meeting Attendance Allowances RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors							
Lee Eng Leong	-	566	68	-	-	-	634
Ir. James Wong Tet Foh	-	533	21	-	-	-	554
Non-Executive Directors							
Dato' Amin Rafie Bin Othman	80	-	-	36	17	-	133
Chew Hoy Ping	80	-	-	46	19	-	145
Oei Su Lee *(Appointed on 22 April 2022)*	55	-	-	4	13	-	72
Dato' Yusli Bin Mohamed Yusoff *(Passed away on 10 March 2022)*	39	-	-	12	3	-	54
Received from the Company	**254**	**1,099**	**89**	**98**	**52**	**-**	**1,592**
Executive Directors							
Lee Eng Leong	-	558	67	-	-	28	653
Ir. James Wong Tet Foh	-	652	26	-	-	31	709
Received from a subsidiary	**-**	**1,210**	**93**	**-**	**-**	**59**	**1,362**
Total Group	**254**	**2,309**	**182**	**98**	**52**	**59**	**2,954**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

The Board is assisted by the AC in governing its oversight of the Group's financial reporting, as well as the quality and integrity of its financial reporting. The quarterly results and audited financial statements are reviewed by the AC and the external auditors (for audited financial statements) and approved by the Board before being released to Bursa Securities.

The AC comprises 3 members, all of whom are Independent Non-Executive Directors. The AC is chaired by Mr Chew Hoy Ping, the Senior Independent Non-Executive Director, who is not the Chairman of the Board. All members of the AC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the AC. They also have sufficient understanding of the Company's businesses.

During the financial year, the Board reviewed the term of office and assessed the performance of the AC and its members through the annual evaluation exercise. The Board was satisfied with the performance of the AC in discharging its duties and responsibilities in accordance with its terms of reference.

In 2022, the AC members had attended training programmes to keep themselves abreast of the latest developments in accounting/auditing, risk management, regulatory requirements, sustainability and corporate governance.

The AC Report as set out in this Annual Report, provides the details of the AC's activities which among others, include the annual assessment on the suitability, objectivity and independence of the external auditors.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

The Board has the ultimate responsibility of approving the risk management framework and policy as well as overseeing the Group's risk management and internal control framework.

Mudajaya has in place an ongoing process for identifying, evaluating and managing significant risks that may affect the achievement of the business objectives of the Group. The Board through oversight of the RMC and reports received from this Committee, makes high level assessments of the key risks inherent in the Group and proposes or endorses mitigating measures for any identified risks, including business disruption risks and investment risks.

The Statement on Risk Management and Internal Control as set out in this Annual Report, provides an overview of the state of internal controls and risk management within the Group.

Internal Audit and Risk Management Functions

The Board has the ultimate responsibility for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework, and the review of its effectiveness, adequacy and integrity. A sound system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable rather than absolute assurance against material misstatement, loss or fraud.

The Board has established procedures to review the key financial, operational and compliance controls. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The Group has an established internal audit function performed in-house by the Group Internal Audit & Risk Management Department, which reports directly to the AC. Its main role is to undertake regular reviews of the Group's systems of controls, procedures and operations so as to provide independent and objective assurance to the AC regarding the adequacy and effectiveness of internal control, risk management and governance systems.

The AC Report as set out in this Annual Report, outlines the details of the activities of the internal audit function.

Directors' Responsibilities Statement in respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements which are in accordance with applicable approved accounting standards and give a true and fair view of the financial position of the Company and the Group at the end of the financial year, as well as of the financial performance and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have:

(a) ensured that the financial statements are in accordance with the provisions of the Companies Act 2016, the applicable financial reporting standards and the Main Market Listing Requirements of Bursa Securities;

(b) adopted the appropriate accounting policies and applied them consistently; and

(c) made judgements and estimates that are prudent and reasonable.

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and the Group which enable them to ensure that the financial statements comply with the relevant statutory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONTINUED)

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

I. ENGAGEMENT WITH STAKEHOLDERS

Periodic and Continuous Disclosure

The Board acknowledges the need for shareholders and other stakeholders to be informed of all material matters affecting the business and performance of the Company. Announcements to Bursa Securities are made on developments or events significantly affecting the Group. Financial results are released on a quarterly basis to provide shareholders and other stakeholders with a regular overview of the Group's performance. All announcements made by the Company to Bursa Securities are also available to shareholders and the market on the Investor Relations section of Mudajaya's website.

The Company also arranges press interviews and briefings, and releases press announcements to provide information on the Group's business activities, performance and major developments, as and when necessary.

Company Website

The Company's website, *www.mudajaya.com* provides detailed information on the Group's businesses, projects and latest development, as well as the profiles of the Board and senior management. The website has a dedicated section on investor relations and corporate governance which contains announcements to Bursa Securities, quarterly financial results and annual reports, among others.

Shareholders and Investors Queries

Whilst the Company aims to provide sufficient information to shareholders and investors about Mudajaya and its activities, it also recognises that shareholders and investors may have specific queries and require additional information.

To ensure that shareholders and investors can obtain all relevant information about the Group, they are encouraged to direct their queries to:

Investor Relations
Mudajaya Group Berhad
PH1, Menara Mudajaya
No. 12A, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan
Tel No: (603) 7806 7899
Email : info@mudajaya.com

II. CONDUCT OF GENERAL MEETINGS

Encourage Shareholder Participation at General Meetings

General meetings represent the principal forum for dialogue and interaction with shareholders. The Board fully recognises the rights of shareholders and encourages them to exercise their rights at the AGM.

The Company conducted a virtual AGM and extraordinary general meeting ("**EGM**") on 15 June 2022 and 20 October 2022 respectively from the broadcast venue by leveraging technology in accordance with Section 327 of the Companies Act 2016 and the Securities Commission's 'Guidance and FAQs on the Conduct of General Meetings for Listed Issuers'. The AGM and EGM were conducted through live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities provided by the Company's share registrar, Boardroom Share Registrars Sdn Bhd.

The Notice of AGM with sufficient information of businesses to be dealt with thereat, together with the Proxy Form, Administrative Guide for AGM and Request Form (for printed copy of Annual Report and/or Share Buy-Back Statement), were sent to shareholders more than 28 days ahead of the meeting date. The Notices of AGM and EGM were published in one national newspaper to provide for wider dissemination of such notice to encourage shareholder participation. In addition, the Notices of AGM/EGM, Proxy Forms, Administrative Guides and Request Forms were posted on the websites of Mudajaya and Bursa Securities.

Each item of the ordinary and special businesses included in the Notice of AGM was accompanied by an explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

The minutes of the AGM and EGM (including the questions raised at the AGM/EGM and the answers thereto) were made available on Mudajaya's website.

Effective Communication and Proactive Engagements with Shareholders

At the general meetings, shareholders have direct access to the Board and senior management, and they are encouraged to participate in the question and answer session. To further encourage engagement between the Directors and shareholders, shareholders were also invited to submit questions before the AGM/EGM to Boardroom Smart Investor Portal in relation to the agenda items of the AGM/EGM. Questions that were submitted prior to the AGM/EGM were addressed during the AGM/EGM.

At the said AGM, the Group CEO presented an overview of the Group's performance, impacts of the COVID-19 pandemic and future strategies for the Group. The Group CEO also shared with the shareholders/proxies, the Company's responses to questions submitted by the Minority Shareholder Watchdog Group prior to the AGM.

During the AGM/EGM, shareholders and proxies were encouraged to pose their questions using the message icon via the RPV facilities and the questions posed by shareholders were made visible to all meeting participants. The Chairman and Group CEO responded to all the questions raised by the shareholders and proxies. At the AGM, the external auditors, KPMG PLT were in attendance remotely via video conferencing to answer questions on the audited financial statements. At the EGM, the advisers of the Company were in attendance remotely via video conferencing to answer questions on the proposed acquisition of Real Jade Limited by Mudajaya.

Electronic Poll Voting

All the Company's shareholders are entitled to appoint proxy/proxies or corporate representatives to vote on their behalf in their absence at general meetings.

To strengthen transparency and efficiency in the voting process, the Company adopted electronic poll voting at the AGM and EGM in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Securities. An independent scrutineer for the electronic poll voting process was appointed to verify the votes. The Chairman then announced the poll results which were also displayed on the screen and declared that all the resolutions were carried. Subsequently, the poll results were announced to Bursa Securities via Bursa LINK on the same day for the benefit of all shareholders.

This Corporate Governance Overview Statement together with the CG Report were approved by the Board on 20 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Securities:

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The Company did not undertake any corporate proposal to raise proceeds during the financial year ended 31 December 2022.

2. AUDIT AND NON-AUDIT FEES

The audit and non-audit fees paid/payable to the external auditors for services rendered to the Company and/or its subsidiaries for the financial year ended 31 December 2022 are as follows:-

	Group RM'000	Company RM'000
Audit fees		
- Auditors of the Company	1,745	140
- Other auditors	48	-
Subtotal:	**1,793**	**140**
Non-audit fees		
- Auditors of the Company	1,652*	15
Subtotal:	**1,652**	**15**
Total:	**3,445**	**155**

* *Inclusive of one-off non-audit fees of RM1.637 million paid to the auditors in relation to the acquisition of Real Jade Limited*

3. MATERIAL CONTRACTS INVOLVING THE INTEREST OF DIRECTORS AND MAJOR SHAREHOLDERS

Other than those disclosed in the audited financial statements, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of directors or major shareholders during the financial year ended 31 December 2022.

AUDIT COMMITTEE REPORT

CONSTITUTION AND COMPOSITION

The AC comprises 3 members, all of whom are Independent Non-Executive Directors and none of them is an alternate director. The members are as follows:-

1. Chew Hoy Ping (Chairman)
(Senior Independent Non-Executive Director)

2. Dato' Amin Rafie Bin Othman (Member)
(Independent Non-Executive Director)

3. Oei Su Lee (Member) *(Appointed on 22 April 2022)*
(Independent Non-Executive Director)

All members of the AC are financially literate and well-equipped with relevant knowledge and experience to effectively discharge their duties and responsibilities as members of the AC. In particular, the AC Chairman, Mr Chew Hoy Ping is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants, as required under Chapter 15, Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities. Mr Chew Hoy Ping being the AC Chairman, is also an Independent Non-Executive Director, as required under Chapter 15, Paragraph 15.10 of the Main Market Listing Requirements of Bursa Securities.

The Board has reviewed the term of office of the AC and conducted an annual assessment of the composition, performance and effectiveness of the AC and its members based on the recommendations of the CNRC. The Board is satisfied that the AC and its members have discharged their functions, duties and responsibilities in accordance with the AC's terms of reference, supporting the Board in ensuring the Group upholds appropriate corporate governance standards.

The profile of each member of the AC is set out in the Directors' Profile section of this Annual Report.

TERMS OF REFERENCE

The AC's terms of reference, which outlines the AC's composition, meetings and minutes, authority as well as duties and responsibilities are published on Mudajaya's website at *www.mudajaya.com*.

The revised terms of reference (to be in line with the updated MCCG 2021) was reviewed by the AC on 22 February 2022 and approved by the Board on 25 February 2022.

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2022, the AC held 5 meetings. The details of attendance of the AC members are as follows:-

Name of AC Members	Number of Meetings Attended
Chew Hoy Ping	5/5
Dato' Amin Rafie Bin Othman	5/5
Oei Su Lee *(Appointed on 22 April 2022)*	3/3*

** Based on the number of meetings attended during the time the AC member held office.*

The Group CEO, Head of Internal Audit & Risk Management Department ("**IARMD**") and the Finance team were invited to attend the meetings for the purpose of briefing the AC on the activities involving their areas of responsibilities.

The external auditors were present at 3 of the meetings held. The AC also met with the external auditors without the presence of the executive board members and Management at 2 of those meetings.

The AC Chairman would brief the Board on the proceedings of each AC meeting. Minutes of each AC meeting were also tabled for confirmation at the following AC meeting and subsequently tabled to the Board for notation.

AUDIT COMMITTEE REPORT
(CONTINUED)

SUMMARY OF ACTIVITIES OF THE AC

During the financial year up to the issuance date of this Annual Report, the AC carried out its activities in line with the AC's terms of reference, which are summarised as follows:-

1. Financial Reporting

- Reviewed and discussed with Management, the financial and cash flow reports of the Company and the Group at the AC meetings held on 22 February 2022, 25 May 2022, 23 August 2022, 23 November 2022 and 27 February 2023. The financial and cash flow reports were also tabled to the Board for notation.

- Reviewed the quarterly financial results for the 4th quarter of 2021 and the annual audited financial statements of 2021 for recommendation to the Board for approval and release to Bursa Securities, at the AC meetings held on 22 February 2022 and 5 April 2022 respectively.

- Reviewed the quarterly financial results for the 1st, 2nd, 3rd and 4th quarters of 2022, and the annual audited financial statements of 2022 for recommendation to the Board for approval and release to Bursa Securities, focusing particularly on:

  o compliance with accounting and financial reporting standards, legal and other regulatory requirements;
  o changes in or adoption of accounting policies and practices changes;
  o significant matters including financial reporting issues, significant judgements made by Management, as well as significant and unusual events or transactions;
  o the outlook and prospects of the Group;
  o cash flow, financing and going concern assumptions; and
  o significant audit issues and adjustments arising from audit

  at the AC meetings held on 25 May 2022, 23 August 2022, 23 November 2022, 13 February 2023, 27 February 2023 and 7 April 2023 respectively.

2. Annual Report Requirements

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report, at the AC meeting held on 22 February 2022.

  The AC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the requirements under paragraphs 41 & 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* ("**Guidelines**").

- Reviewed and approved the AC Report for inclusion in the 2021 Annual Report, at the AC meeting held on 5 April 2022.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement and Notice of AGM for inclusion in the 2021 Annual Report, as well as the CG Report for submission to Bursa Securities at the AC meeting held on 5 April 2022.

- Reviewed and recommended to the Board for approval, the Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report, at the AC meeting held on 7 April 2023.

  The AC was informed that the external auditors had reviewed the Statement on Risk Management and Internal Control to ensure that the disclosures were in compliance with the Guidelines.

- Reviewed and approved the AC Report for inclusion in the 2022 Annual Report, at the AC meeting held on 7 April 2023.

- Reviewed and recommended to the Board for approval, the Corporate Governance Overview Statement, Sustainability Statement and Notice of AGM for inclusion in the 2022 Annual Report, as well as the CG Report for submission to Bursa Securities at the AC meeting held on 7 April 2023.

3. Internal Audit

- Reviewed the internal audit reports presented by the IARMD that detailed the audit findings and recommended corrective actions, as well as Management's responses and action plans in addressing the identified risks and internal control deficiencies, at the AC meetings held on 22 February 2022, 25 May 2022, 23 August 2022, 23 November 2022 and 27 February 2023. A total of 10 audit engagements were completed in 2022.

  Risk-based audits were performed on selected business units within the Group based on the approved internal audit plan and those requested by Management. The audit areas which were covered included project management, project cost management, pre and post contracts system, purchasing processes, power plant and construction projects, precast operations, review of payments, and ISO management system and procedures.

  At each AC meeting, the IARMD provided an update on audit activities and the status of implementation of prior quarter audit report recommendations until they were fully implemented. Where appropriate, the AC was also apprised of key initiatives and continuous improvement activities being undertaken by the IARMD.

- Reviewed and discussed the status report on Anti-Bribery Management System ("**ABMS**"), at the AC meetings held on 22 February 2022, 25 May 2022, 23 August 2022, 23 November 2022 and 27 February 2023.

- Reviewed and approved the risk-based internal audit plan for 2022-2025, at the AC meeting held on 25 May 2022. The areas which were covered in the audit plan included construction and property projects, concession assets, precast, central purchasing, enterprise risk management, payments process and ABMS.

- Reviewed and recommended to the Board for approval, the revised Whistleblowing Policy & Procedure, at the AC meeting held on 23 August 2022.

- Reviewed and approved the risk-based 3-year internal audit plan for 2023-2025 covering the construction and property projects, concession assets, precast, enterprise risk management, central purchasing, payments process and ABMS, at the AC meeting held on 23 November 2022.

4. External Audit

- Reviewed with the external auditors, the audit report, issues, reservations and Management responses arising from their audit of the financial statements for the year ended 31 December 2021, at the AC meeting held on 22 February 2022.

  The external auditors briefed the AC among others, on the audit status and outstanding matters, audit focus areas (i.e. key audit matters and other significant audit matters) and audit findings in relation to the financial statements for the year ended 31 December 2021. At the same meeting, the external auditors confirmed that they have been independent throughout the conduct of the audit engagement 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 ("**IESBA Code**"), and they have fulfilled other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

- Reviewed with the external auditors on 22 February 2022, 23 November 2022 and 27 February 2023 without the presence of the executive board members and Management, the extent of assistance rendered by Management and issues arising from their audit. The AC was satisfied with the openness in communication and interaction with the engagement partner and his team, which demonstrated their independence and professionalism.

  In addition, the Chairman and members of the AC periodically held informal discussions with the engagement partner of the external auditors to ensure audit issues were addressed on a timely basis.

AUDIT COMMITTEE REPORT
(CONTINUED)

- In February 2022, the AC undertook an assessment of the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the 2022 AGM, which included a structured evaluation questionnaire completed by each member of the AC. The questionnaires which are used as an assessment tool, are based on a 4-scale rating or 'Yes' and 'No' answer, whichever is applicable for each question. The areas which were covered in the assessment encompassed the external auditors' performance in terms of skills, expertise and competencies, calibre of the external audit firm, independence and objectivity, audit scope and planning, reasonableness of audit fees, provision of non-audit services and quality of communications with the AC. This annual evaluation provides the AC with a disciplined approach for maintaining effective oversight of the external auditors' performance.

  The AC reviewed the external auditors' performance having regard to factors such as the audit firm's service quality, adequacy of experience, technical competency, reasonableness of fees and provision of non-audit services, and was satisfied with the overall performance. The evaluation results were tabled at the AC meeting held on 22 February 2022. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements. The AC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the AGM of the Company.

  The Board at its meeting held on 25 February 2022, approved the AC's recommendation for the re-appointment of external auditors, subject to the shareholders' approval being sought at the AGM of the Company. The shareholders had duly approved the re-appointment of external auditors at the AGM held on 15 June 2022.

- Reviewed the proposed audit and non-audit fees of the external auditors for the financial year ended 31 December 2021, at the AC meeting held on 22 February 2022.

  The non-audit service was for the review of the Statement on Risk Management and Internal Control. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the AC was satisfied that the provision of non-audit service by the external auditors did not impair their objectivity and independence as external auditors.

- Reviewed with the external auditors on 5 April 2022, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2021, where relevant disclosures in the annual audited financial statements were deliberated.

- At the AC meeting held on 23 August 2022, upon the assessment of Deloitte's capabilities, independence and proposed audit fees, the proposed change of auditors from KPMG to Deloitte was endorsed by the AC and recommended to the Board for approval, subject to the approval being obtained from the shareholders of the Company for the proposed acquisition of Real Jade Limited. Having obtained the shareholders' approval at the extraordinary general meeting held on 20 October 2022, Deloitte was appointed as the auditors of the Company on 11 November 2022.

- Reviewed with the external auditors, their audit plan, scope of audit, audit timeline, audit focus areas (i.e. key audit matters and other significant audit matters) and the financial reporting implications arising from the COVID-19 pandemic in relation to the audit of the financial statements for the year ended 31 December 2022, at the AC meeting held on 23 November 2022.

  At the same meeting, the external auditors confirmed that they have been independent throughout the conduct of the audit engagement in accordance with the By-Laws and the IESBA Code, and they have fulfilled other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

- Reviewed with the external auditors, the audit report, issues, outstanding matters, audit focus areas, audit findings and conclusions, as well as Management responses arising from their audit of the financial statements for the year ended 31 December 2022, at the AC meeting held on 27 February 2023.

  The external auditors briefed the AC among others, on the audit status and outstanding matters, audit focus areas (i.e. key audit matters and other significant audit matters) and audit findings.

  Pursuant to the new and revised Auditor Reporting Standards which took effect from 16 December 2016, the AC reviewed the key audit matter raised by the external auditors and ensured that adequate work had been done to support the audit conclusions and overall impact on the financial statements. Revenue recognition from construction contracts (as disclosed in the Independent Auditors' Report contained in the Audited Financial Statements) was identified as a key audit matter. The Group recognises the revenue for construction contracts over time using input method as per the requirements under MFRS 15 - *Revenue from Contracts with Customer* on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

- In February 2023, the AC assessed the suitability and independence of the external auditors for their re-appointment as Auditors of the Company at the forthcoming 2023 AGM, via the same assessment tool as described above. In its assessment, the AC also considered the information in the external auditors' Transparency Report with reference to Guidance 9.3 of MCCG 2021. The evaluation results were tabled at the AC meeting held on 27 February 2023, and the AC was satisfied with the suitability and independence of the external auditors and thereby recommended to the Board for their re-appointment at the forthcoming AGM of the Company. The external auditors have also provided written confirmation on their independence in accordance with the terms of the relevant professional and regulatory requirements.

  The Board at its meeting held on 28 February 2023, approved the AC's recommendation based on the evaluation results, for the re-appointment of external auditors, subject to the shareholders' approval being sought at the forthcoming AGM of the Company.

- Reviewed and recommended to the Board for approval, the audit and non-audit fees of the external auditors for the financial year ended 31 December 2022, at the AC meeting held on 27 February 2023.

  The non-audit service comprised the review of the Statement on Risk Management and Internal Control. The amount of non-audit fees was not significant as compared to the amount of audit fees. In this respect, the AC was satisfied that the provision of non-audit service by the external auditors did not impair their objectivity and independence as external auditors.

- Reviewed with the external auditors on 7 April 2023, the annual audited financial statements including the Independent Auditors' Report for the financial year ended 31 December 2022, where relevant disclosures in the annual audited financial statements were deliberated.

5. Risk Management

- Reviewed the half-yearly enterprise risk management reports submitted to the RMC, and the appropriateness of Management's responses to significant risk areas and proposed recommendations for mitigation. These risk management reports were tabled to the Board for notation.

- Assessed the adequacy and effectiveness of the risk management and internal control system.

6. Related Party Transactions

- Reviewed the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms, at the AC meetings held on 22 February 2022, 25 May 2022, 23 August 2022, 23 November 2022 and 27 February 2023.

AUDIT COMMITTEE REPORT
(CONTINUED)

7. Other Matters

- Reported to the Board at its quarterly meetings on significant issues and concerns discussed during the AC meetings together with applicable recommendations. Minutes of the AC meetings were tabled and noted by the Board.

- The Chairman and members of the AC have held informal sessions and interactions with Management throughout the year which were aimed at obtaining a better understanding of business operations and risks related issues, and the resolution of issues.

- The AC has the responsibility in overseeing the implementation and monitoring of the Whistleblowing Policy & Procedure, and ensuring effective administration thereof. The IARMD reported that there was no complaint received during the financial year 2022 up to the issuance date of this Annual Report, save for a complaint received from a subcontractor in relation to a work order for the installation of anti-climb fencing for a project. Subsequently, investigation on the matter was carried out by the IARMD and Legal Department. The project team would resolve the matter amicably with the subcontractor.

- Reviewed and approved the offer of employment contract to the Head of IARMD at the AC meeting held on 25 May 2022.

INTERNAL AUDIT AND RISK MANAGEMENT FUNCTIONS

The Group has an established independent internal audit function performed in-house by the IARMD, which reports directly to the AC.

As at 31 December 2022, the IARMD has 2 personnel. The name and qualification of each member of the IARMD are set out below:

1. Mr Mok Yew Pong holds the position of the Head of IARMD. He is a Chartered Accountant and a member of the Malaysian Institute of Accountants.

2. Mr Lai Heng Loong holds the position of Assistant Manager. He has a Bachelor of Accounting (Hons) and is a member of the Malaysian Institute of Accountants.

Both of the IARMD personnel have no relationships or conflicts of interest that would impair the objectivity or independence of the function in the performance of their duties.

The main role of the IARMD is to undertake regular reviews of the Group's systems of controls, procedures and operations so as to provide independent and objective assurance to the AC regarding the adequacy and effectiveness of internal control, risk management and governance systems.

The IARMD adopts a risk-based approach as guided by the Institute of Internal Auditors' International Standards for Professional Practice of Internal Auditing, in developing the annual internal audit plan for approval by the AC. The IARMD is guided by the Internal Audit Charter on their authority, duties and responsibilities.

The AC reviews the quarterly internal audit reports from IARMD based on the approved audit plan on the effectiveness and adequacy of the governance, risk management, operational and compliance processes. Follow-up reviews on a quarterly basis were also undertaken to ascertain the status of implementation of prior quarter audit recommendations, the results of which were reported to the AC.

Apart from the aforesaid internal audit mandate, the IARMD is also responsible for facilitating and assisting Management in maintaining a structured risk management framework to identify, evaluate and manage the significant risks facing the Group. The IARMD submits semi-annual reports on enterprise risk management for the Group to the RMC for review and deliberation.

AUDIT COMMITTEE REPORT
(CONTINUED)

The IARMD's scope of responsibilities extends to all business and operational units within the Group. In fulfilling its mandate, the IARMD conducted the following activities during the financial year up to the issuance date of this Annual Report:

(a) Performed and completed 10 audits on selected business units within the Group based on the approved internal audit plan and Management's request. The audit areas which were covered included project management, project cost management, pre and post contracts system, purchasing processes, power plant and construction projects, precast operations, review of payments, and ISO management system and procedures.

(b) Tabled to the AC at its quarterly meetings, the audit reports for the above audits incorporating the audit findings, audit recommendations and Management responses. Follow-up audit was conducted and the status of implementation on the agreed action plans was reported to the AC.

(c) Prepared the half-yearly enterprise risk management reports submitted to the RMC, and the appropriateness of Management's responses to significant risk areas and proposed recommendations for mitigation.

(d) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2021 Annual Report, at the AC meeting held on 22 February 2022.

(e) Prepared and tabled the status report on ABMS, at the AC meetings held on 22 February 2022, 25 May 2022, 23 August 2022, 23 November 2022 and 27 February 2023.

(f) Prepared and tabled for the AC's approval, the risk-based internal audit plan for 2022-2025, at the AC meeting held on 25 May 2022. The areas which were covered in the audit plan included construction and property projects, concession assets, precast, central purchasing, enterprise risk management, payments process and ABMS.

(g) Prepared and tabled the revised Whistleblowing Policy & Procedure, at the AC meeting held on 23 August 2022.

(h) Prepared and tabled for the AC's approval, the risk-based 3-year internal audit plan for 2023-2025 covering the construction and property projects, concession assets, precast, enterprise risk management, central purchasing, payments process and ABMS, at the AC meeting held on 23 November 2022.

(i) Prepared and tabled the Statement on Risk Management and Internal Control for inclusion in the 2022 Annual Report, at the AC meeting held on 7 April 2023.

In February 2022, the AC carried out an evaluation of the effectiveness of the internal audit function in respect of financial year 2021. The appraisal covered the adequacy of IARMD's scope, its functions, resources, authority and independence, as well as the competency of internal audit staff. The results of the evaluation were tabled at the AC meeting held on 22 February 2022. Overall, the AC was satisfied with the performance of the IARMD. Certain areas which required improvement were also highlighted.

In February 2023, the AC also undertook an evaluation of the effectiveness of the internal audit function for financial year 2022, which covered the areas mentioned above. The results of the evaluation were tabled at the AC meeting held on 27 February 2023. The AC was satisfied with the performance of the IARMD.

The costs incurred by IARMD in discharging its functions and responsibilities during the financial year ended 31 December 2022 amounted to RM242,570.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Securities and the recommendations of MCCG 2021 with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing and maintaining an adequate and effective risk management framework and internal control system which has been included in all aspects of the activities and operations of the Group. This framework has been set in place by the Board to identify, evaluate, mitigate and monitor the risks faced by the Group. The Board together with senior management continually reviews the adequacy and effectiveness of the risk management framework and internal control system to manage the Groups' principal and relevant risks within its risk appetite and tolerances.

The Board recognises that the framework is designed to mitigate rather than to eliminate risks or events which may significantly impact the achievement of the Group's business objectives and strategies. Accordingly, such systems can only provide reasonable but not absolute assurance against any material misstatement, loss or fraud.

The Group does not include material joint ventures and associates as the Group does not have management control over them. The Group ensures that the investments are protected by Board representation in these investments. Notwithstanding this, Management oversees and monitors the administration, operations and performance of these material joint ventures and associates. Regular reporting of financial information and risk reviews ensure that their performance and risks are properly managed and controlled.

RISK MANAGEMENT

The Board, with the assistance of the AC and RMC, confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group throughout the year under review and up to the date of approval of this Statement for inclusion in the Annual Report. The AC and RMC assist the Board on the oversight of risk management for identification, managing and monitoring the principal risks of the Group. The Board retains the overall accountability for the Group's risks.

A risk management framework together with the standard operating policy and procedure, which has been communicated to the Management team, serves as a guide to the Group's risk management policy, risk management processes and reporting framework.

The RMC, chaired by the Independent Non-Executive Director, meets with certain Directors and senior management on a six-monthly basis to review and deliberate on the top risks and the risk management actions taken. The Management team assists the RMC and the Board in implementing the process of identifying, evaluating and managing the significant risks applicable to their respective areas of business and in formulating suitable mitigation and internal controls to control these risks. Each business unit submits their risk registers and risk assessment reports which are presented via the IARMD to the RMC for their review and deliberation. The RMC reviews matters such as identification and responses to address significant risks, internal control systems and adequacy of the risk mitigation actions within the Group's risk appetite and tolerances to enhance shareholders' investments, safeguarding of assets, enhance opportunities, reduce threats and maintain corporate sustainability. The IARMD reviews these risk registers to provide further assurance on the compliance and effectiveness of the risk management and internal control system. The RMC receives from Management and IARMD, the Enterprise Risk Management report every 6 months which summarises the risk assessment and mitigation actions on the Group's top risks for review and deliberation.

AC

The AC, which is chaired by an Independent Non-Executive Director, is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control with the assistance of the in-house IARMD. On a quarterly basis, internal audit reports are prepared on the adequacy, efficiency and effectiveness of the system of internal control based on the current annual audit plan approved by the AC or where as directed by the AC.

KEY ELEMENTS OF INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board is committed in its efforts to maintain a reliable system of internal control and ensure it is updated in line with changes in the operating and business environment. The Board regularly reviews the process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as planned strategies to determine whether risks are mitigated and well managed.

Other key elements of the Group's risk management and internal control system, which have been in place throughout the financial year under review and up to the date of the Directors' report, are as follows:

- Various Board Committees have been established to assist the Board in discharging its duties, namely:
  - AC
  - Investment Committee
  - RMC
  - CNRC
  - Executive Committee
  - Tender Committee
- Clearly defined delegation of responsibilities, organisation structure and appropriate authority limits which have been established by the Board for the various Board Committees and Management.
- The Group's vision, mission, corporate philosophy and strategic direction are communicated to employees at all levels.
- Financial and operations performance reports are submitted to the Executive Directors and senior management. Management meetings are held among the Executive Directors and divisional heads; and during these meetings, reports and status updates of the business activities and projects are discussed and necessary actions are taken.
- The strategic plan and direction of the Group are encapsulated in the annual budgetary process that requires business units to prepare budgets and business plans that are approved by the Directors, and the control measures to mitigate identified risks for the forthcoming year. Significant variances in the quarterly financial reports are highlighted against budgets and comparative results and explained to the AC prior to presenting to the Board for approval. In addition, major project cost budgets are established with monthly tracking of actual costs so that such costs and project profitability are properly controlled and monitored independently by the Finance Department.
- Adequate financial information and key business or performance indicators are presented to senior management and the Board to assist in the review of the Group's performance.
- Internal policies and guidelines are communicated to all employees through standard operating policies and procedures, memoranda and handbooks.
- The enterprise risk management system in place is complemented by the process of risk identification and mitigation during major project tenders so that in the event the project tender is secured, project management shall follow through the risk mitigation measures during project execution.
- Adequate insurances where applicable for projects and assets of the Group are taken up to cover any insurable adverse events that may result in losses to the Group.
- The information technology system has systems and procedures to protect against the risks of cybersecurity intrusions, unauthorised access, unauthorised software use, corruption and loss of information assets. In addition, the system has in place to protect and manage the confidentiality, integrity and availability of data and the information infrastructure.
- External management system certifications currently applied to the Group are as follows:
  - The Construction and Precast Manufacturing Divisions are accredited under the ISO 9001:2015 Quality Management System which is designed to consistently provide products and services that meet customer and regulatory requirements.
  - Both ISO 14001:2015 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Management System certifications ensure that adequate controls and good governance are in place to manage environmental and safety matters for the Construction Division.
  - The Group has obtained certification under ISO 37001:2016 Anti-Bribery Management Systems to prevent, detect and respond to bribery and corruption. This system is designed to be integrated into the Group's existing management processes, risk management system and controls to demonstrate adequate procedures are in place and to enhance corporate governance.

  These management systems are also subjected to yearly external audit by the respective certification bodies to ensure continued conformity of the respective management system.

- The AC also met with the external auditors to discuss the external audit plan, review key audit issues and present their findings on the evaluation of the internal control system either formally or privately to the AC.
- The Human Capital system embraces a structured procedure for talent acquisition and management, employment practices, organisational and succession planning. A performance management system with defined criteria for performance with business objectives and targets are set for employees. Selected employees are provided training and development based on their training needs to meet their job performance expectations.
- All employees are governed by a Code of Ethics and Conduct who are required to acknowledge as having read and understood the Code upon commencement of employment.
- An established whistleblowing process provides an avenue for whistle-blowers to communicate their concerns or on matters of integrity in a confidential manner so that these can be investigated for effective resolution.
- Regular visits to operating units and project sites by the senior management, finance staff and internal auditors.

INTERNAL AUDIT

The internal audit function of the Group is performed by the in-house IARMD, which reports directly to the AC.

The IARMD carries out independent reviews on the state of the internal control of the Group's business activities based on the current risk-based Audit Plan approved by the AC or where as directed by top management with the approval of the AC. The findings and observations are reported to the AC on a quarterly basis. Follow-up audits were also carried out to determine the status of implementation of agreed corrective actions based on the previous audit findings reported.

The IARMD continually reviews the system of internal control, procedures and operations to provide reasonable assurance that the internal control system is sound, adequate and operating satisfactorily.

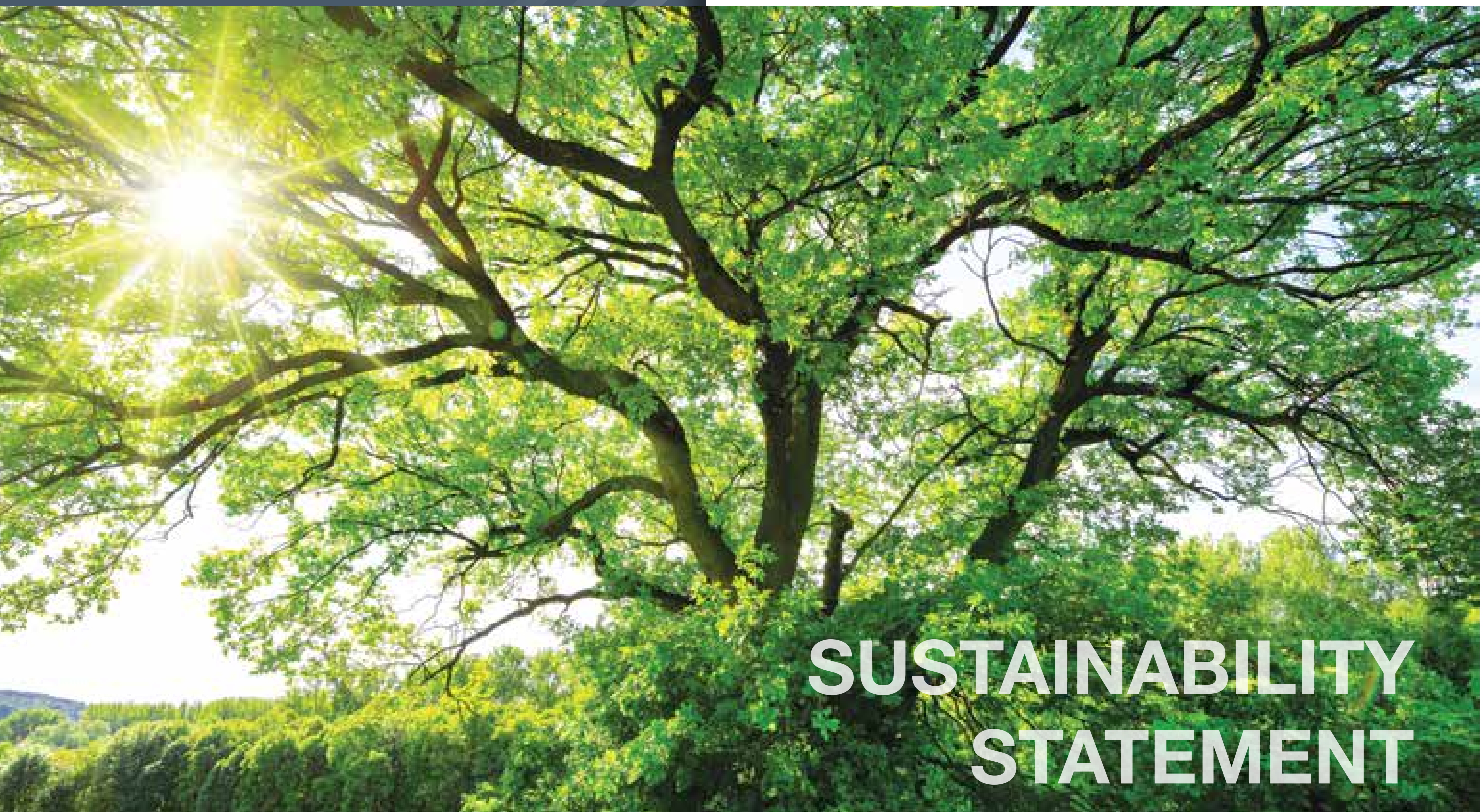
THE BOARD'S REVIEW OF THE RISK MANAGEMENT FRAMEWORK AND INTERNAL CONTROL SYSTEM

The risk management framework and internal control system for the financial year under review was considered to be adequate and operating satisfactorily. The Board undertakes to pursue the necessity for continuous improvements in its internal control system and risk management process in order to achieve its goals, enhance shareholder value and ensure sustainability of the businesses over the long term.

During the year, some areas for improvement in the internal control system were reported by IARMD to the AC. Management has been responsive to the issues raised and has taken appropriate measures to address the areas for improvement that have been highlighted. The monitoring, review and reporting procedures and systems in place give reasonable assurance that the controls are adequate and appropriate to the Group's operations and that risks are managed within an acceptable level of the Group's risk appetite and tolerance. However, neither procedures nor systems provide absolute assurance due to human error, the deliberate circumvention of control procedures by employees and others or the occurrence of unforeseeable circumstances. The effectiveness of the system of internal control is constantly reviewed and enhanced in response to changes in the business and operating environment.

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

This Statement on Risk Management and Internal Control was approved by the Board on 20 April 2023.



SUSTAINABILITY STATEMENT

Incorporating sustainable best practices throughout our organization remains a priority at Mudajaya Group Berhad (Mudajaya). As a home-grown public listed company that is involved in strategic sectors of the Malaysian economy – construction, property, power as well as trading & manufacturing – we at Mudajaya understands that it is our responsibility to ensure that sustainability remains front-and-center of our aim to deliver tangible value creation for our shareholders and stakeholders while facilitating our group's efforts towards effective nation building.

In tandem with our commitment, the tenets of sustainable best practices have been a key driver to our corporate strategy and business operations. We are also mindful to the fact that being truly sustainable is also about embedding this philosophy into the hearts and minds of our employees and business partners.

Moreover, as Mudajaya has business operations in both the domestic and international markets, we are cognizant of the threat pose by climate change. In view of this, we have and will continue to put in place mitigation efforts to minimize our operation's carbon footprint while embracing the recommendations put forth by the Task Force on Climate-Related Financial Disclosures (TFCD).

Mudajaya's overall sustainability strategy has been developed based on Economic, Environmental and Social (EES) risks and opportunities related to our entire value chain, core business activities, overseas presence; and in taking into consideration the values and concerns of our local and international stakeholders.

As a sustainability-oriented organisation, Mudajaya is also committed towards embracing high levels of corporate governance. Our strategy and focus in this area are detailed in the stand-alone Corporate Governance Report that accompanies this Annual Report.

SUSTAINABILITY STATEMENT
(CONTINUED)

SUSTAINABILITY GOVERNANCE

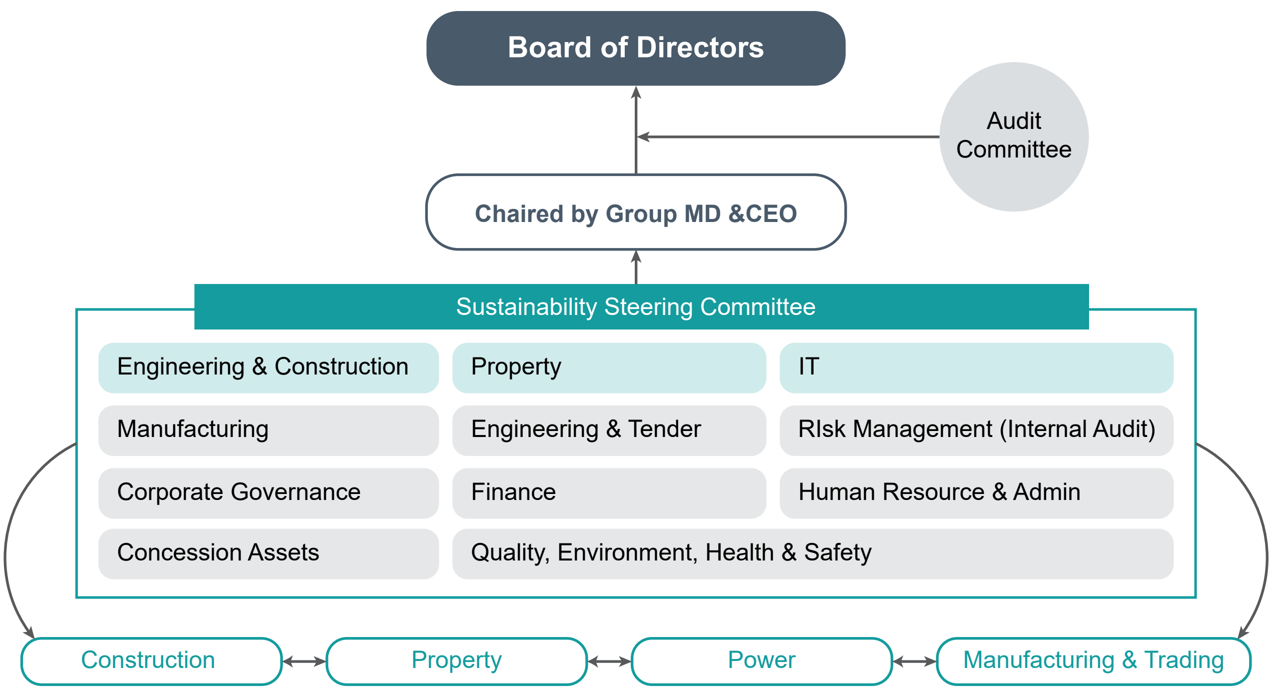
Mudajaya has a Sustainability Governance Structure that clearly defines the roles and responsibilities of those within our organisation who will be facilitating the development and implementation of sustainable policies and procedures.

The Board of Directors of Mudajaya takes on a leadership role when it comes to sustainability matters. The Board is to approve the Group's sustainability strategy and has oversight on all sustainability matters including reviewing and approving the Group's Sustainability Road Map (SRM) and empowering the Group Managing Director (MD) & Chief Executive Officer (CEO) to ensure its successful implementation.

The Group MD & CEO is tasked to drive the sustainability strategy from an executive level, ensuring that sustainability initiatives highlighted in the SRM are carried out in accordance to their respective objectives and timeframe.

The Group MD & CEO also chairs the Sustainability Steering Committee ("SSC"), which is responsible for carrying out sustainability programmes and assessing the results of these initiatives. On a day-to-day operational perspective, the SSC is supported by selected executives across departments to implement sustainability initiatives and report progress to the SSC and the Board.

Mudajaya's Sustainability Governance Structure



REPORTING SCOPE AND GUIDELINES

This Sustainability Statement is inspired by the United Nation's Sustainable Development Goals (UNSDG) and is presented in accordance with the Sustainability Reporting Guide 3rd Edition issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia").

This Statement covers Mudajaya's sustainability disclosure for its operations here in Malaysia and abroad for the period of 1 January to 31 December 2022.

In this Statement, we hope to share with you our overall approach to sustainability, taking into account EES risks and opportunities, while outlining new initiatives carried out across our operations during the year under review. These initiatives are categorised into the four key pillars, namely Economic (Marketplace), Environment, Social (Workplace) and Social (Community).

Supporting United Nations Sustainable Development Goals

SUSTAINABILITY STATEMENT
(CONTINUED)

STAKEHOLDERS ENGAGEMENT

Stakeholders	Mode of engagement	Frequency	Key focus area	Outcomes/Targets	SDGs
Customers & partners	▪ Meeting ▪ Training ▪ Email ▪ Customer survey ▪ Engagement activities ▪ Tender	▪ Quarterly ▪ As needed	▪ Service quality ▪ Product safety ▪ Product innovation ▪ Renewable energy ▪ Waste management ▪ Anti-bribery & Corruption	▪ To comply with ISO 9001:2015 and maintain Quality Management System ("QMS") Certification. ▪ To comply with Anti-Bribery Management System ("ABMS") requirement under ISO 37001 : 2016. ▪ To encourage adoption of renewable energy via Corporate Green Power Programme. ▪ Green technology in construction – to reduce CO2 emission. ▪ Pre-fabrication technologies/IBS. ▪ Efficient concrete usage for building components.	10 REDUCED INEQUALITIES 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION 15 LIFE ON LAND 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Employees	• Townhalls • Management-Staff Reviewed • Appraisals • Internal Employee Gatherings/ Events • Training programmes • Employee Survey	• Quarterly • Monthly • Yearly • Monthly • Yearly	• Career development and training opportunity • Occupational health and safety • Work-life balance • Employment equality • Whistle blowing policy/ procedures	• Ensuring compliance with laws working hours and wages. • Retain more female employees in the workforce by offering options to women to raise their family amid career development such as extended maternity leave and Flexi Work Arrangement to accommodate to the needs of working mothers. • To provide & maintain safe, hygienic and clean accommodation for our workers. • To equip our staffs with the latest relevant technologies via trainings.	3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Stakeholders	Mode of engagement	Frequency	Key focus area	Outcomes/Targets	SDGs
Regulators & policy makers	❖ Seminars/ Webinar ❖ Meetings ❖ Reporting	❖ As needed	❖ Transparency ❖ Accountability ❖ Anti-bribery & Corruption ❖ Group policy aligned with resilient, sustainable, safe, good health & well-being, reduce inequalities	❖ Establishment of Good Corporate Governance and whistleblowing Policy – proper documentation in place. ❖ Compliance with Anti-Bribery Management System (“ABMS”) requirement under ISO 37001 : 2016. ❖ Comply with the Workers’ Minimum Standards of Housing and Amenities Act 1990 (Act 446). ❖ Support government affordable housing scheme for B40 & M40 group.	
Suppliers & Subcontractors	➢ Performance Reviews ➢ Procurement Processes ➢ Tender	➢ Half yearly ➢ Half yearly ➢ As needed	➢ Anti-bribery & Corruption ➢ Supplier evaluation ➢ Support small and medium-sized suppliers ➢ Align to Government’s policy to acquire products and services locally first for all our projects and developments	➢ Clear procurement policies and practices with approved SOPs that are in compliance with ISO standards. ➢ % of local suppliers/ procurement. ➢ % of construction materials sourced locally.	

SUSTAINABILITY STATEMENT
(CONTINUED)

Stakeholders	Mode of engagement	Frequency	Key focus area	Outcomes/Targets	SDGs
Communities	✓ Events & Participation Co-organised	✓ Throughout the year	✓ Community development and support ✓ Quality, safety, health and environment	✓ Recycling bins placed at project sites and Menara Mudajaya. All the recyclables, such as papers, glass, metals, plastics to be sent to recycling agencies. ✓ Partnership with organisations, who use waste streams as input -waste management. ✓ Engaging with others to provide scholarship. ✓ Introduction of Urban farming – Menara Mudajaya & Batu Kawah New Township partnership with NGOs.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES
Shareholders & Investors & Bankers	0 Financial Results Announcements 0 Annual General Meeting 0 Extraordinary General Meeting 0 Corporate website – Investor Relations	0 Quarterly 0 Annually 0 As needed	0 Financial and operational performance 0 Group Prospects 0 Sustainability performance 0 Corporate strategy	0 Quarter financial results & annual report is compliance with Bursa Malaysia's Main Market Listing requirement. 0 Corporate exercise is compliance with Securities Commission's requirements. 0 Compliance with Sustainability Guidance by Bursa Malaysia. 0 Shariah-compliant. 0 Constituents in the FTSE4Good Bursa Malaysia Index.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

SUSTAINABILITY ROAD MAP (2022 – 2025)

In order to synchronize our sustainability strategy with key initiatives that will help us achieve our goals in a more structured and measurable manner, the Group has put in place a three-year Sustainability Road Map (SRM). The SRM specifically outlines the strategic sustainability objectives of the group, encompassing key elements our materiality matters, and provides actionable deliverables and deadlines to achieve these objectives in the immediate to medium term.

Following the stakeholder engagement exercise, we then proceed to identify and prioritise our material issues. While the prioritisation of these risks and opportunities is an ongoing process, the materiality matrix (refer to stakeholder engagement & materiality section), we have developed provides the critical foundation towards developing our Sustainability Road Map that is updated on a three-year cycle.

The SRM 2023 – 2025 established by Mudajaya underscores our sustainability goals and key deliverables that are categorized in to the four areas of Marketplace (Economic), Environment, Workplace (Social) and Community (Social).

SUSTAINABILITY ROADMAP

MARKETPLACE

- Stakeholder engagement and feedback mechanisms
- Grievance management platforms
- Quality and service enhancing strategies

WORKPLACE

- Policies that foster openness, learning, inclusiveness and development
- Programmes that enhance productivity, performance and innovativeness
- Measures to enrich employees experience, safety & growth

ENVIRONMENT

- Carbon footprint assessments and targets
- Water footprint assessments and targets
- Waste management gameplan

COMMUNITY

- Investment strategies to sustain community development
- Campaigns to address material topics
- Community feedback processes to capture impact

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Economic	**Decent work and economic growth**	Promote economy generation through development of projects that are local labour-intensive Promote local economy through support on local procurement Sustainable urbanisation	Less dependency on unskilled foreign labour force Support small and medium-sized suppliers Align to Government's policy to acquire products and services locally first for all our projects and developments Construction of infrastructure and help in the rural development	✓ % of foreign workers / total workers in each project. ✓ Pre-fabrication technologies/IBS – to reduce dependency on labour force ✓ % of local suppliers/procurement. ✓ % of construction materials sourced locally. ✓ Participate actively in East Malaysia.
Economic	**Reduce inequalities**	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.	Ensure equal opportunity and reduce inequalities by providing a diverse work culture that promotes better hiring and retention of talent. Uphold recruitment policies which strongly emphasise on diversity in talent acquisition and development. Do not practise any form of discrimination; we welcome all social groups regardless of racial or ethnic origin, age, gender, marital status or disability.	✓ % of employee by gender, ethnicity, age group.

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Economic	16 PEACE, JUSTICE AND STRONG INSTITUTIONS **Peace, Justice and Strong Institutions**	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.	Maintain highest standards of ethical business conduct across the Group operation. Promoting corruption and bribery free culture. To prevent violence in our workplace.	✓ First construction company in Malaysia certified for ISO 37001: 2016 Anti-Bribery Management System with accreditation from UKAS. ✓ To maintain zero bribery and corruption incidents across Mudajaya's business operation. ✓ To be constituent of FTSE4Good Bursa Malaysia Index in next 2-3 years. ✓ A formal induction and orientation programmes for all new hires to equip them with awareness on code of conduct, company policies and grievance guidance. ✓ A proper channel for whistleblowing.
Environment	7 AFFORDABLE AND CLEAN ENERGY **Affordable and clean energy**	Ensure access to affordable, reliable, sustainable and modern energy for the nation.	Implement and promote renewable energy at townships and developments	Renewable energy projects: ✓ 49MW solar photovoltaic plant in Sungai Siput ✓ 10MW solar photovoltaic plant in Gebeng ✓ Rooftop solar panel on Menara Mudajaya. ✓ LRT3 GS01 using solar powered spot lighting and electrical appliances for all guard posts.

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Environment	**Responsible consumption and production**	Ensure sustainable consumption and production patterns.	Promoting Integrate water recycling system, an improved water management approach through on-site treatment plant. Minimise the use of natural resources and the emissions of waste and pollutants over the life cycle of the service or product. Reduce construction waste via reuse, recycle and re-engineering. Implement Energy Saving Drives and Water Conservation Programme in HQ and Site Offices.	✓ To reuse and recycle water in the construction sites. ✓ Rainwater harvesting in Menara Mudajaya. Lower material waste in construction site ✓ Pre-fabrication technologies/IBS. ✓ Efficient concrete usage for building components. Compost materials waste ✓ Partnership with organisations, who use waste streams as input. ✓ Reuse construction waste as landscape element. ✓ Unused short bars and tendon in precast manufacturing sites to be recycled. ✓ Recycling bins placed at project sites and Menara Mudajaya. All the recyclables, such as papers, glass, metals, plastics to be sent to recycling agencies. ✓ To achieve % waste diversion from landfill. ✓ To reduce water consumption by % (HQ / Site). ✓ To reduce energy consumption by % for monthly electricity usage (HQ / Site).
Environment	**Climate action**	To combat climate change and its impacts	Promote national carbon reduction targets and policies through various technological implementation and initiatives such as conservation and carbon offset programme	✓ Air-conditioning system is designed with indoor temperature between **23˚C to 26˚C**. ✓ Electric vehicle charging stations located at Menara Mudajaya car park

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Environment	Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems	Promote and educate the conservation of environment	✓ Tree planting in our township. ✓ Water retention pond in construction site.
Social	Good health and well-being	Ensure healthy lives and promote well-being for all at all ages.	Recognise the 8 core conventions under International Labour Law Comply with the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) Launch and implement safety and health programme. Adopt industry good practices across our project sites.	✓ Ensuring compliance with laws working hours and wages. ✓ To provide & maintain safe, hygienic and clean accommodation for our workers. ✓ To maintain zero fatality for all projects. ✓ To keep track and reduce loss time injury frequency rate ("LTIFR") less than 1.0 for all projects. [Calculation Formula : LTIFR = (Nos. Of LTI x 1,000,000) / Total man-hours worked] ✓ To achieve 5 STAR rating for SHASSIC Assessment. ✓ To maintain a good ventilation system in our workplace and workers accommodation.
Social	Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Promoting work-related trainings. Promoting community investments and development.	✓ Number of training hours on safety and health, upskilling and reskilling. ✓ Engaging with others to provide scholarship.
Social	Gender equity	Achieve gender equality and empower all women and girls	Increase female participation in our workforce	✓ Retain more female employees in the workforce by offering options to women to raise their family amid career development such as extended maternity leave and Flexi Work Arrangement to accommodate to the needs of working mothers. ✓ Number of women on board.

SUSTAINABILITY STATEMENT
(CONTINUED)

Pillar	SDG	Objectives	Action plan	Targets/Measurements
Social	**Sustainability Cities and Communities**	Make cities and human settlements inclusive, safe, resilient and sustainable.	Reduce carbon emissions in our Township and buildings. Support government affordable housing scheme for B40 & M40 group	✓ Batu Kawah New Township & 10 DH - Green Township with lush greeneries. ✓ 100% smoking free zone in Menara Mudajaya. A designated smoking area is located opposite the building. ✓ Introduce Rent-to-Own scheme and promote sale packages under the Home Ownership campaign (HOC) to assist the public to own a home.

MARKETPLACE

As a progressive organization, Mudajaya has remained steadfast in cultivating and promoting corporate best practices not only internally but also externally. In addition to our own employees, we continue to educate and encourage our suppliers, vendors and business partners to understand and be supportive of the need to enhance our value chain collectively in order to set the benchmark in ethical and professional conduct within our marketplace.

Regulatory Compliance

Mudajaya has put in place a series of comprehensive Standard Operating Procedures (SOP) and robust polices that are aimed to ensure our operations comply with all applicable laws and regulations. We are pleased to note that Mudajaya and its subsidiary companies have not been penalised for breach of regulations during the year under review.

As a Group, we also pay close attention towards complying with recognised international standards and accreditation in order to benchmark our operations against best business practices. To date, our accreditations include ISO 37001:2016 certification for our Anti-Bribery Management System (ABMS); ISO 45001:2018 certification for occupational health, safety and environment management practices; and ISO 14001:2015 certification for our environmental management system, which surpasses international environmental standards.

Whistle Blowing Policy

We have put in place a comprehensive whistle blowing policy that will enable our employees as well as our stakeholders to raise concerns in relation to any wrongdoing.

This policy also includes safeguards to ensure whistleblowers are free from any forms of reprisal. Whistleblowers are encouraged to bring up concerns directly to the Independent Non-Executive Deputy Chairman of Mudajaya, or alternatively to the Integrity Unit of Mudajaya.

Anti-Bribery Policy

Mudajaya has imposed its ABMS requirements on all suppliers via its Anti-Corruption Obligation. Anti-bribery commitments are also obtained from suppliers who pose more than a low bribery risk via signing of Vendor Letter of Declaration by the respective suppliers during pre-qualification stage and subsequently on an annual basis for active suppliers. This is to ensure their commitment not to be involved with any act of corruption under the Malaysian Anti-Corruption Commission Act 2009.

The policy is mandatory and applies to all staff, business associates and third parties who are performing works or services on behalf of the Group. The penalties for violating these laws can be severe and any violation may result in disciplinary action including dismissal, fines and imprisonment.

Supplier Code of Conduct

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

When it comes to external parties including our vendors, suppliers and business partners, we have also put in place a Supplier Code of Conduct that they have to comply with in order to conduct business with Mudajaya.

This Code of Conduct has been tailored to inspire our suppliers to inculcate sustainability and best practices in their respective operations. At the same time, it also ensures that they are treated equally and fairly, free from exploitation, through a progressive procurement and supplier assessment system embedded in the Supplier Code of Conduct.

It has been a standing policy in Mudajaya that our suppliers' performance is reviewed every six (6) months (including ABMS Compliance) in order to maintain quality of service, ensuring compliance to our policies and safeguarding delivery on contractual obligations.

Supporting Local Communities

8 DECENT WORK AND ECONOMIC GROWTH

Mudajaya continues to cultivate and support our extensive network of contractors, suppliers and vendors in areas where we operate in. By buying local, we can benefit from logistic cost savings and build positive rapport among surrounding communities while strengthening local economies through job creation and investments.

Breakdown of locally sourced products and services by project:

Pengerang	> 80%
MRTv207	>70%
LRT3	>100%
SUKE	> 75%

ENVIRONMENT

Climate change action and solution has become a key focal point for governments, regulators and businesses across the world. We at Mudajaya aims to be part of the solution by identifying key areas within our value chain where we can put in place measures, processes and innovations that can mitigate our operational footprint while also improving efficiencies and cost savings. In addition, our power generation segment is primarily involved in renewable energy, hence providing 'greener' solutions while meeting the energy needs of growing communities.

Managing GHG Emissions

7 AFFORDABLE AND CLEAN ENERGY

Reflecting our expertise in renewable energy, our headquarters at Menara Mudajaya features state-of-the-art solar panels that are expected to reduce CO2 emissions by approximately 5 tonnes per year. Based on the efficiencies and cost savings achieved through these solar panels, the property segment is planning to install solar panels in SkyVilla Condominium, which is located in the new township of Batu Kawah.

In order to reduce our carbon footprint pro-actively, we continue to maintain an effective tree preservation programme by integrating green areas in project designs and land development plans. We are also committed towards our tree preservation policy, which ensures that trees growing on original project sites are preserved whenever possible.

SUSTAINABILITY STATEMENT
(CONTINUED)

Mudajaya's commitment towards driving affordable and clean energy initiatives have been recognised by reputable local and international bodies. In 2022, we received a Sustainable Development Award for Affordable and Clean Energy from the Junior Chamber International Malaysia (JCI Malaysia) for our development of the 49MW large scale solar photovoltaic facility in Perak.

Waste and Effluent Management

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Mudajaya is collaborating with the Ikano Power Centre recycling team, to put in place recycle bins in Menara Mudajaya. These recycle bins, which are currently located on the Ground Floor Lobby and Car Park area as well as the B1 car park, will make it easier for our employees and tenants to drop off recyclable items.

In an effort to control erosion and sedimentation, our construction segment built six silt detention pond at the LRT3 site capable of removing particles such as silt, clay and sand from rainwater before the water flows into the river. The treated water from the silt detention pond is then used to clean vehicles leaving the site, while the stockpile of silt and sandbag are reused for flood mitigation fencing along the river bank close to the site.

The LRT3 construction site also features an Active Treatment System (ATS) to trap and filter particles from water. Treated water will only be released into the river if it meets the Department of Environment standards.

When it comes to waste management, a purposed-built scheduled waste storage area close to the LRT3 was erected to manage and store waste as well as used oil from vehicles and machineries. Empty containers will also be categorised, labelled and stored within this area. A dedicated licensed contractor has been appointed to manage waste and unused material.

Water Management and Conservatism

7 AFFORDABLE AND CLEAN ENERGY

In addition to the solar panels installed in Menara Mudajaya, our headquarters also features an advanced rainwater harvesting system that allows us to conserve fresh water usage and generate cost savings. In 2021, we successfully collected an average of approximately 11,000 liters of rainwater per day, which translates into a cost saving of over RM9,000 per year. The success of this system has encouraged us to install the same system at SkyVilla Condominium in the foreseeable future.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Climate-related risk and opportunity assessment

PHYSICAL RISKS	Risk/Opportunity Impact
Acute	• Flood - property damage/loss. • Disruptions to business operations.
Chronic	• Rising temperatures/extreme weather – increase health risks to our employees.

TRANSITION RISKS	Risk/Opportunity Impact
Policy and legal	❖ Policy and regulatory changes - GHG emission reduction policies including carbon taxation. ❖ Legal liabilities – sanction from the pollution
Technology	❖ Obsolescence of the higher emission technologies, replaced with new low-carbon technologies.
Market	❖ Actual project costs exceeding the project budget – increase in scope due to low carbon compliance, increase in material costs (materials that higher carbon consumption). ❖ Assets impairment – decline in the demand for products that emit greenhouse gas.
Reputation	❖ Negative stakeholder perception, concern or feedback on carbon intensive factors.

OPPORTUNITIES	Risk/Opportunity Impact
Resources efficiency	✓ Adopting IBS system in the construction – improve productivity, enhance quality and upskilling of local workforce.
Products and services	✓ Low emissions in construction materials and precast manufacturing – better competitive position to reflect shifting consumer preferences.
Resilience	✓ Sustainable construction approach – reduction of construction waste to landfill, reduction in non-renewable energy use and sustainable supply chain.
Energy source	✓ Promoting CO2 emission saving from renewable solar energy. ✓ Increase in water recycled from rainwater harvesting system.
Market valuation	✓ Increase in capital availability as more investors favors low-emissions producers. ✓ Increase in properties value – increasing tenants/property buyers attractiveness with CO2 avoidance facilities, such as recycling bins, solar panels and trees planting in the township.

Metrics and targets disclosure review

Environmental	
Risks	**5- years targets**
Acute, Chronic Market	All on-going construction sites and property sites are ISO 14001: 2015 (Environmental Management Systems) compliant.
	Smoking-free in Menara Mudajaya and all the construction sites.
	At least 20% of electricity from renewable energy sources.
	100 Gwh of clean and renewable energy produced and eliminate over 55,000 metric ton of CO2 per annum.
	Rainwater harvesting system in Menara Mudajaya to collect average 10,000 litres of rainwater per day.
	To collect recyclables > 5kg per day in Menara Mudajaya.
	At least 10 acres land in Batu Kawah New Township planting more than 20 species of trees

SUSTAINABILITY STATEMENT
(CONTINUED)

Social

Risks	5- years targets
Policy and legal Market, Technology, Reputation	All the suppliers must comply with all relevant laws, regulations and standards including human rights protection and child labour.
	Zero tolerance for discrimination, harassment, violence
	Zero tolerance for/towards avoidable incidents of fatalities for our employees
	To reach 40 learning and development hours of per employee
	To achieve 5 Star rating for CIDB's Safety and Health Assessment System in Construction (SHASSIC) assessment in all the construction projects.

Governance

Risks	5- years targets
Policy and legal	Zero tolerance for bribery and corruption.
	At least 20% of our Board of Directors are women.

SOCIAL (WORKPLACE)

As an organisation, we are committed towards attracting, developing and retaining talent who has both the aptitude and attitude to excel in his or her job. We also invest in creating a conducive and safe working environment based on human resources best practices while taking into account new work processes that stem from the global pandemic.

Diversity and Inclusion

There is strength in diversity and as such Mudajaya has always been focused on ensuring that our talent recruitment process helps create and maintain a diverse and inclusive workforce, where people from different backgrounds and culture can work harmoniously together and contribute to the growth and success of our group.

We have also put in place robust policies to reaffirm our stance against any form of discrimination be it from a race, age, gender, sexual orientation, marital status or disability, perspective.

In terms of racial background for our Malaysian operations, the majority remains those who are of ethnic-Malay (51%), followed by ethnic-Chinese at 22% and Indians at 11% and others at 16%. In terms of gender, the male employees make up 62% while female accounts for 38%.

Occupational Health and Safety

Mudajaya continues to invest in efforts to safeguard our employees' welfare and safety through scheduled training, improved facilities and progressive policies.

For our employees who work at our project sites, we provide quality and well-planned workers' accommodations that are in compliance with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990.

We also pay close attention on ensuring a safe and healthy Centralised Labour Quarters (CLQs) for the MRTv207 & LRT3 project sites. The CLQs are inspected by Jabatan Tenaga Kerja annually.

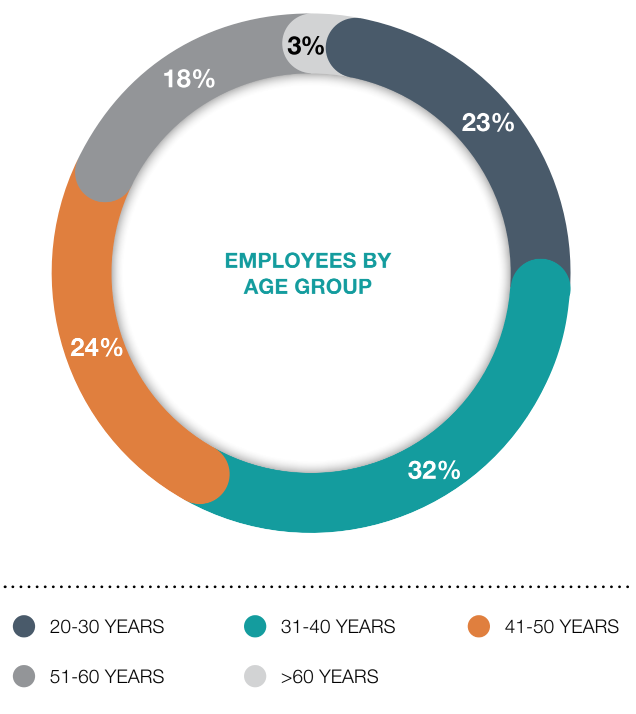
In addition, Mudajaya has out in place a Health, Safety and Environmental Policy to protect our employees from daily operational hazards while preserving the environment. Via this policy, personnel and contractors who perform tasks with significant environmental and occupational health and safety risk are required to undergo adequate training as we work to reduce injuries and workplace accidents in accordance to our ISO 45001 certification. As of 31 December 2022, we recorded a loss time injury frequency rate ("LTIFR") of less than 1 for each project and have successfully achieved a 5 Star rating for CIDB's SHASSIC assessment.

Training and Career Development

8 DECENT WORK AND ECONOMIC GROWTH

Developing our employees' skill-set is a critical strategy to achieve Mudajaya's corporate goals and grow shareholders' value. Throughout the year, we have continuously strived to provide our employees at all levels with the right tools, knowledge and on-the-job training to enable them to carry out their respective task effectively and efficiently.

In 2022, We conducted a total of 167 training programmes and clocked approximately 1,530 hours training for our employees.



SUSTAINABILITY STATEMENT
(CONTINUED)

SOCIAL (WORKPLACE)

Mudajaya encourages its employees to involve in various sports activities to maintain a healthy lifestyle.

SOCIAL (COMMUNITY)

As a socially responsible corporate citizen, Mudajaya has and will continue to enrich the lives of people in and around the areas where we operate.

Tree planting at FRIM of KLBC-sponsored trees

On 26 November 2022, our staffs who represented the Group participated the tree planting sponsored by Kuala Lumpur Business Club as part of our sustainability contribution at Forest Research Institute Malaysia. The volunteers are thankful in joining this 40-minute event despite the challenges of a hilly, steep and slippery terrain.

Computers for Schools

On 7 January 2023, our Group donated a total of 11 computers to two schools in Perak, namely SJKC Hwa Nan, Bagan Datuk and SJKT Ladang Kelapa Bali, Slim River in a bid to close the technology divide between urban and rural schools. More than 20 pupils of the school will now be able to access real time information on the Internet as well as learn to work on key software and programmes with these new computers.

FINANCIALS

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in the subsidiaries are disclosed in Note 19 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the year are as follows:

	Group RM'000	Company RM'000
Profit/(Loss) before tax	29,889	(5,092)
Income tax (expense)/credit	(5,424)	1
Profit/(Loss) for the year	24,465	(5,091)
Attributable to:		
Owners of the Company	17,593	(5,091)
Non-controlling interests	6,872	-
	24,465	(5,091)

In the opinion of the Directors, the results of operations 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 other than the acquisition of subsidiaries and the change in significant accounting policy for its service concession assets disclosed in Note 19 and Note 37 to the financial statements respectively.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors also do not recommend any dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

On 31 October 2022, the Company increased its issued and paid up ordinary share capital from RM502,054,000 comprising 1,297,724,000 ordinary shares to RM663,450,000 comprising 1,875,747,000 ordinary shares by way of issuance of 578,023,067 ordinary shares pursuant to the exercise of warrants.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

As at 31 December 2022, the total numbers of warrants that remained unexercised were 70,839,099.

The Company has not issued any new debentures during the year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

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

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

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

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

(a) which would require the writing off for bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

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

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

(d) 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.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the year.

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

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS' REPORT
(CONTINUED)

DIRECTORS

The Directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Amin Rafie bin Othman	(Redesignated to Deputy Chairman with effect from 14 July 2022)
Lee Eng Leong	(Redesignated to Executive Chairman with effect from 14 July 2022)
James Wong Tet Foh	
Chew Hoy Ping	
Oei Su Lee	(Appointed on 22 April 2022)

The Directors of the Company's subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are (not including those Directors listed above):

Directors of Malaysian subsidiaries
Ahmad Badri bin Ramli
Chai Kun Seng
Chai Min Hon
Lee Tze Liu
Ong Ah Hua
Ong Kah Joon
Sim Hee Pang
Tan Chin Boo
Tan Tong Lai
Yam Keong Chee

Directors of foreign subsidiaries	Subsidiaries' country of incorporation
Abdul Hafiz Al-Shedokhi	- Kingdom of Saudi Arabia
Anto SF Joseph	- Kingdom of Saudi Arabia
Chan Chun Hong	- China
Fan Yi Bin	- China
Huang Wu Hu	- China
Huang Xunhao	- China
Jayasree S. Kumar	- India
Koichi Urakawa	- British Virgin Islands and China
Li Beibei	- China
Li Chao	- China
Li Ying	- China
Li Zhixiang	- China
Mohammad Abdullah Abdul Rahman Al-Shoail	- Kingdom of Saudi Arabia
Mudajaya Corporation Berhad*	- British Virgin Islands
Ng Chee Kin	- Kingdom of Saudi Arabia
Ng Jing Sheng	- China
Ng Qing Hai	- British Virgin Islands, China and Hong Kong

Directors of foreign subsidiaries	Subsidiaries' country of incorporation
Turima Heri Purwanto	- Indonesia
Xiang Chaobi	- China
Yan Bin	- China
Yong Yee Coi	- Kingdom of Saudi Arabia
Yu Zhong	- China

* *Corporate director of Mudajaya International Investment Ltd.*

DIRECTORS' INTERESTS

The interests in shares in the Company and in the related companies of those who were Directors of the Company at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Shares in the Company:				
Lee Eng Leong	700,000	800,000	-	1,500,000

None of the other Directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related companies during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate of remuneration received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as disclosed below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' remuneration is as follows:

	Group RM'000	Company RM'000
Directors:		
- Fees	254	254
- Salaries and other emoluments	2,700	1,338
	2,954	1,592

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT
(CONTINUED)

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains Directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the Directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM32,000.

There was no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and the Company amounting to RM1,793,000 and RM140,000, respectively.

Further details of auditors' remuneration are set out in Note 9 to the financial statements.

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

JAMES WONG TET FOH

LEE ENG LEONG

20 April 2023

INDEPENDENT AUDITORS' REPORT

To the members of Mudahjaya Group Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **MUDAJAYA GROUP BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 109 to 222.

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

Key audit matter	*Our audit performed and responses thereon*
The Group **Revenue from construction contracts** Revenue from construction contracts during the year as disclosed in Note 5 to the financial statements amounted to RM215,620,000, representing 71% of the Group's total revenue. The Group recognises the revenue for construction contracts over time using input method as per the requirements under MFRS 15 *Revenue from Contracts with Customer* on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. In determining the total expected construction contracts costs, significant management estimates and judgements are involved, which include relying on the opinion or service of experts, past experiences and continuous monitoring of the budgeting process.	The procedures that we have performed to address the matter include the following: • We have read and evaluated the key terms and conditions of major sales transactions to determine that revenue recognised conforms with the Group's policies and the requirements of MFRS 15 *Revenue from Contracts with Customers*. • We have obtained understanding of the revenue recognition process, performed walkthrough procedures, evaluated the design and implementation and performed tests of the effectiveness of relevant controls surrounding revenue recognition.

INDEPENDENT AUDITORS'REPORT

To the members of Mudahjaya Group Berhad
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

Key audit matter	*Our audit performed and responses thereon*
The Group (cont'd) These management estimates and judgements affect the cost-based input method computations and the amount of revenue and profit recognised during the year. Refer to "Key sources of estimation uncertainty" in Note 4.	The procedures that we have performed to address the matter include the following: (cont'd) • We have evaluated the appropriateness of the estimates made and assessed whether these estimates showed any evidence of management bias, based on historical accuracy of management's estimates in prior years. Discussed the changes in total budgeted costs of individually significant construction projects from prior years with management. • We have interviewed management's project team on the reasonableness of the budgeted costs to the completion of individually significant construction projects. • We have challenged the stage of completion taking into account the construction costs recognised during the year and the budgeted costs by testing samples of costs incurred to date to the relevant supporting documentation. We have also performed site-visits for individually significant on-going projects to arrive at an overall assessment as to whether percentage of completion determined on a cost-to-cost basis was reasonable. • We have reviewed updated management-prepared budgets for on-going projects, ensuring the budgets are not understated, percentage of completion is not overstated and adequate allowance for foreseeable loss is properly provided, if necessary. • We have reviewed provision made in respect of work performed by subcontractors of which invoice/ progress claim has yet to be received to ensure compliance with MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. • We have assessed the exposures to liquidated damages for late delivery of the construction works by making enquiries with management and read correspondences and minutes of meetings with contract customers on the expected delivery date and the ability of the Group to deliver on time based on historical progress of the construction works. • We have checked the mathematical accuracy of the revenue and profit based on percentage of completion calculations and considered the implications of any changes in estimates.

INDEPENDENT AUDITORS'REPORT

To the members of Mudahjaya Group Berhad

(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key Audit Matters (cont'd)

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to be communicated in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

INDEPENDENT AUDITORS'REPORT

To the members of Mudahjaya Group Berhad
(CONTINUED)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

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

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 19 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 towards any other person for the content of this report.

The financial statements of the Group and of the Company for the preceding year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 April 2022.

DELOITTE PLT
(LLP0010145-LCA)
Chartered Accountants (AF 0080)

WONG YEW CHOONG
Partner - 03195/06/2023 J
Chartered Accountant

20 April 2023

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Revenue	5	305,192	250,898	-	-
Cost of sales	6	(257,022)	(215,488)	-	-
Gross profit		48,170	35,410	-	-
Other income	7	54,107	60,846	8,287	23,005
Distribution and selling expenses		(365)	-	-	-
Administrative expenses		(42,913)	(34,964)	(3,289)	(5,620)
Other expenses		(2,344)	(4,629)	(2,885)	(196,590)
Finance costs	8	(31,683)	(44,430)	(7,205)	(6,351)
Share of profit of equity accounted associates, net of tax		4,917	7,760	-	-
Profit/(Loss) before tax	9	29,889	19,993	(5,092)	(185,556)
Income tax (expense)/credit	11	(5,424)	(6,092)	1	(62)
Profit/(Loss) for the year		24,465	13,901	(5,091)	(185,618)
Other comprehensive loss for the year					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(15,211)	(790)	-	-
Total comprehensive income/(loss) for the year		9,254	13,111	(5,091)	(185,618)
Profit/(Loss) for the year attributable to:					
Owners of the Company		17,593	12,328	(5,091)	(185,618)
Non-controlling interests		6,872	1,573	-	-
		24,465	13,901	(5,091)	(185,618)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		12,266	11,557	(5,091)	(185,618)
Non-controlling interests		(3,012)	1,554	-	-
		9,254	13,111	(5,091)	(185,618)
Earnings per ordinary share (sen):					
Basic	12	1.26	1.57		
Diluted	12	1.20	0.86		

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

Group	Note	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated
ASSETS				
Non-Current Assets				
Property, plant and equipment	14	170,525	23,443	26,695
Right-of-use assets	15	41,790	39,391	44,735
Investment properties	16	49,918	50,843	51,718
Intangible assets	17	11,604	8,053	8,673
Service concession assets	18	278,354	290,919	300,484
Investments in associates	20	22,612	17,455	9,695
Other investments	21	28,436	21,936	936
Land held for property development	23	11,121	24,493	24,481
Trade and other receivables	27	17,554	-	-
Deferred tax assets	22	1,925	2,066	2,066
Total Non-Current Assets		633,839	478,599	469,483
Current Assets				
Service concession assets	18	12,565	9,565	10,286
Inventories	24	110,635	88,204	105,691
Other current assets	25	156,145	152,361	152,361
Contract assets	26	65,610	19,282	51,476
Trade and other receivables	27	683,723	120,759	136,401
Loan receivables	28	29,130	-	-
Tax recoverable		2,922	3,405	3,047
Derivative financial assets	29	-	1,197	-
Cash and bank balances	30	231,294	146,726	311,200
Total Current Assets		1,292,024	541,499	770,462
TOTAL ASSETS		1,925,863	1,020,098	1,239,945

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022
(CONTINUED)

Group	Note	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	31	663,450	502,054	397,730
Warrant reserve	31	4,195	38,426	-
Employees' share option reserve	31	-	-	10,278
Foreign currency translation reserve	31	(3,232)	2,095	2,866
Accumulated losses		(260,269)	(277,862)	(300,560)
Equity attributable to owners of the Company		404,144	264,713	110,314
Non-controlling interests		274,844	38,088	42,238
Total Equity		678,988	302,801	152,552
Liabilities				
Non-Current Liabilities				
Loans and borrowings	32	473,502	305,937	445,290
Lease liabilities	34	41,868	42,573	44,508
Refundable deposits		2,695	2,365	2,204
Deferred tax liabilities	22	35,411	18,449	15,495
Total Non-Current Liabilities		553,476	369,324	507,497
Current Liabilities				
Loans and borrowings	32	256,359	174,806	399,615
Trade and other payables	33	379,854	148,420	167,018
Lease liabilities	34	2,655	1,225	1,752
Contract liabilities	26	6,248	20,486	3,759
Tax liabilities		48,283	3,036	4,938
Derivative financial liabilities	29	-	-	2,814
Total Current Liabilities		693,399	347,973	579,896
Total Liabilities		1,246,875	717,297	1,087,393
TOTAL EQUITY AND LIABILITIES		1,925,863	1,020,098	1,239,945

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

(CONTINUED)

Company	Note	2022 RM'000	2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	14	68	173
Right-of-use assets	15	-	-
Investments in subsidiaries	19	211,749	221,520
Total Non-Current Assets		211,817	221,693
Current Assets			
Trade and other receivables	27	321,930	194,361
Tax recoverable		173	133
Cash and bank balances	30	151	3,481
Total Current Assets		322,254	197,975
TOTAL ASSETS		534,071	419,668
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	31	663,450	502,054
Warrant reserve	31	4,195	38,426
Accumulated losses		(228,570)	(223,479)
Total Equity		439,075	317,001
Liabilities			
Non-Current Liabilities			
Loans and borrowings	32	-	83,461
Current Liabilities			
Loans and borrowings	32	88,312	15,500
Trade and other payables	33	6,684	3,706
Total Current Liabilities		94,996	19,206
Total Liabilities		94,996	102,667
TOTAL EQUITY AND LIABILITIES		534,071	419,668

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2022

		Attributable to owners of the Company							
		Non-distributable							
Group	Note	Share capital RM'000	Warrant reserve RM'000	Employees' share option reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2021 (as previously stated)		397,730	-	10,278	2,866	(297,070)	113,804	35,970	149,774
Restatement of comparatives	37	-	-	-	-	(3,490)	(3,490)	6,268	2,778
As at 1 January 2021 (as restated)		397,730	-	10,278	2,866	(300,560)	110,314	42,238	152,552
Contribution by/(Distributions to) owners of the Company									
Proceeds from rights issue	31(a)	104,324	38,426	-	-	-	142,750	-	142,750
Cancellation of share options	31(d)	-	-	(10,370)	-	10,370	-	-	-
Grant of equity-settled share options to employees	31(d)	-	-	92	-	-	92	-	92
Dividends to non-controlling interest		-	-	-	-	-	-	(5,700)	(5,700)
Total transactions with owners of the Company		104,324	38,426	(10,278)	-	10,370	142,842	(5,700)	137,142
Profit for the year		-	-	-	-	12,328	12,328	1,573	13,901
Other comprehensive loss		-	-	-	(771)	-	(771)	(19)	(790)
Acquisition of a subsidiary	19.2	-	-	-	-	-	-	(4)	(4)
As at 31 December 2021		502,054	38,426	-	2,095	(277,862)	264,713	38,088	302,801

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2022

(CONTINUED)

		Attributable to owners of the Company							
		Non-distributable							
Group	Note	Share capital RM'000	Warrant reserve RM'000	Employees' share option reserve RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2022		502,054	38,426	-	2,095	(277,862)	264,713	38,088	302,801
Contribution by/(Distributions to) owners of the Company									
Issuance of ordinary shares pursuant to exercise of warrants	31(a)	127,165	-	-	-	-	127,165	-	127,165
Transferred from warrant reserve to share capital	31(b)	34,231	(34,231)	-	-	-	-	-	-
Dividends to non-controlling interest		-	-	-	-	-	-	(13,349)	(13,349)
Total transactions with owners of the Company		161,396	(34,231)	-	-	-	127,165	(13,349)	113,816
Profit for the year		-	-	-	-	17,593	17,593	6,872	24,465
Other comprehensive loss		-	-	-	(5,327)	-	(5,327)	(9,884)	(15,211)
Acquisition of subsidiaries	19.2	-	-	-	-	-	-	253,112	253,112
Disposal of a subsidiary	19.3	-	-	-	-	-	-	5	5
As at 31 December 2022		663,450	4,195	-	(3,232)	(260,269)	404,144	274,844	678,988

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2022

(CONTINUED)

		Attributable to owners of the Company				
		Non-distributable				
Company	**Note**	**Share capital RM'000**	**Warrant reserve RM'000**	**Employees' share option reserve RM'000**	**Accumulated losses RM'000**	**Total equity RM'000**
As at 1 January 2021		397,730	-	10,278	(48,231)	359,777
Contribution by/(Distributions to) owners of the Company						
Proceeds from rights issue	31(a)	104,324	38,426	-	-	142,750
Cancellation of share options	31(d)	-	-	(10,370)	10,370	-
Grant of equity-settled share options to employees	31(d)	-	-	92	-	92
Total transactions with owners of the Company		104,324	38,426	(10,278)	10,370	142,842
Total comprehensive loss for the year		-	-	-	(185,618)	(185,618)
As at 31 December 2021/1 January 2022		502,054	38,426	-	(223,479)	317,001
Contribution by/(Distributions to) owners of the Company						
Issuance of ordinary shares pursuant to exercise of warrants	31(a)	127,165	-	-	-	127,165
Transferred from warrant reserve to share capital	31(b)	34,231	(34,231)	-	-	-
Total transactions with owners of the Company		161,396	(34,231)	-	-	127,165
Total comprehensive loss for the year		-	-	-	(5,091)	(5,091)
As at 31 December 2022		663,450	4,195	-	(228,570)	439,075

The accompanying Notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000 Restated	RM'000	RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax	29,889	19,993	(5,092)	(185,556)
Adjustments for:				
Amortisation of intangible asset	646	620	-	-
Interest income	(29,522)	(31,101)	-	(32)
Interest expense	31,683	44,430	7,205	6,351
Depreciation of property, plant and equipment	5,880	4,951	109	31
Depreciation of investment properties	925	933	-	-
Depreciation of right-of-use assets	2,766	2,776	-	77
Fair value loss/(gain) on derivatives	1,197	(4,011)	-	-
Fair value gain on financial assets designated at fair value through profit or loss	(202)	-	-	-
Fair value gain on other investments	(6,500)	(21,000)	-	-
Impairment loss on goodwill arising from acquisition of a subsidiary	-	17	-	-
Impairment loss on investment in subsidiaries	-	-	-	196,590
Gain on disposal of property, plant and equipment	(629)	(525)	-	-
Gain on disposal of right-of-use assets	(2)	(33)	-	-
Gain on disposal of a subsidiary	(16)	-	-	-
Property, plant and equipment written off	1,782	954	-	-
Allowance for/(Reversal of) impairment loss of trade and other receivables and intercompany indebtedness	711	4,629	2,885	(14,289)
Inventories written down to net realisable value	587	1,509	-	-
Employees' share option scheme ("ESOS") expenses	-	92	-	-
Negative goodwill from business combination	(6,248)	-	-	-
Net unrealised (gain)/loss on foreign exchange	(3,346)	4,373	468	996
Share of profit of equity accounted associates	(4,917)	(7,760)	-	-
Operating Profit Before Working Capital Changes	24,684	20,847	5,575	4,168
Decrease/(Increase) in:				
Service concession assets	36,159	37,792	-	-
Inventories	23,353	15,966	-	-
Other current assets	(2,559)	-	-	-
Contract assets	(46,328)	30,509	-	-
Trade and other receivables	37,268	17,264	(38)	-
Increase/(Decrease) in:				
Refundable deposits	330	161	-	-
Trade and other payables	(77,922)	(20,348)	2,978	3,375
Contract liabilities	(19,039)	18,412	-	-

STATEMENTS OF CASH FLOWS
For the Year Ended 31 December 2022
(CONTINUED)

	Group		Company	
	2022 RM'000	**2021 RM'000 Restated**	**2022 RM'000**	**2021 RM'000**
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES (cont'd)				
Cash (Used In)/Generated From Operations	(24,054)	120,603	8,515	7,543
Income tax paid	(7,256)	(5,398)	(39)	(177)
Income tax refunded	1,142	-	-	-
Net Cash (Used In)/From Operating Activities	(30,168)	115,205	8,476	7,366
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(2,477)	(789)	(4)	-
Acquisition of subsidiaries, net of cash and cash equivalent acquired	(15,898)	(9)	-	-
Proceeds from disposal of property, plant and equipment	773	544	-	-
Additional investment in associate	(240)	-	-	-
Additional expenditure in investment property	-	(58)	-	-
Repayment from an associate	4,983	3,379	-	-
Advances to subsidiaries	-	-	(116,262)	(105,650)
Increase in investment in subsidiaries	-	-	-	(39,699)
Interest received	2,928	3,595	-	32
Proceeds from redemption of loan receivables	29,958	-	-	-
Proceeds from redemption of financial assets at fair value through profit or loss	59,658	-	-	-
Change in pledged deposits	26,700	161,640	-	-
Net Cash From/(Used In) Investing Activities	106,385	168,302	(116,266)	(145,317)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES				
Dividend paid to non-controlling interests	(13,349)	(5,700)	-	-
Advance from non-controlling interests	29	-	-	-
Proceeds from issuance of ordinary shares pursuant to exercise of warrants	127,165	-	127,165	-
Proceeds from rights issue	-	142,750	-	142,750
Repayment of loans and borrowings	(122,536)	(432,733)	(15,500)	-
Drawdown of loans and borrowings	97,423	61,500	-	15,500
Repayment to a subsidiary	-	-	-	(10,497)
Repayment for lease liabilities	(1,494)	(1,744)	-	(108)
Interest paid	(31,683)	(44,430)	(7,205)	(6,351)
Net Cash From/(Used In) Financing Activities	55,555	(280,357)	104,460	141,294

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2022
(CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	131,772	3,150	(3,330)	3,343
Effect of foreign exchange translation	(20,504)	(5,984)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	57,101	59,935	3,481	138
CASH AND CASH EQUIVALENTS AT END OF YEAR	168,369	57,101	151	3,481

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	131,651	45,023	151	3,481
Deposits placed with financial institutions	99,643	101,703	-	-
	231,294	146,726	151	3,481
Less: Pledged deposits	(62,925)	(89,625)	-	-
	168,369	57,101	151	3,481

(ii) Cash outflows for leases as a lessee

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities:				
Payment relating to short-term leases	(4,238)	(4,427)	-	-
Included in net cash from financing activities:				
Interest in relation to lease liabilities	(2,371)	(2,412)	-	(2)
Repayment of lease liabilities	(1,494)	(1,744)	-	(108)
Total cash outflows for leases	(8,103)	(8,583)	-	(110)

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The Company is an investment holding company. The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in the subsidiaries are disclosed in Note 19 to the financial statements.

The registered office and principal place of business of the Company are both located at Level 11 and PH1 of Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan.

The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All information presented in RM has been rounded to the nearest thousand (RM’000), unless otherwise stated.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the Directors on 20 April 2023.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Adoption of Amendments to MFRSs

In the current year, the Group and the Company have adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are relevant to their operations and effective for annual periods beginning on or after 1 January 2022:

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020
Amendments to MFRS 3	Reference to 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

The adoption of these Amendments to MFRSs did not result in significant changes to the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company.

Change in Significant Accounting Policies

During the financial year, the Group reassessed its service concession assets which are relating to the Group’s Power Purchase Agreements (“PPA”) to conform with the requirements of the IC Interpretation 12. As a result, the Group changed its intangible asset model to financial asset model where the operator is considered to have an unconditional right to receive cash or another financial asset from the grantor. Financial assets resulting from the application of this policy are recorded in the statements of financial position under the heading ‘service concession assets’ and recognised at amortised cost.

The change in accounting policy is applied retrospectively and the Group has restated certain comparative amounts in accordance with the requirement of MFRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* as disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

Amendments to MFRSs in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the Amendments to MFRSs relevant to the Group and the Company, which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below.

Amendments to MFRS 101	Disclosure of Accounting Policies[1]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[2]
Amendments to MFRS 108	Definition of Accounting Estimates[1]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to MFRS 101	Non-Current Liabilities with Covenants[2]
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2023.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective date deferred to a date to be determined and announced by MASB.

The Directors anticipate that the abovementioned Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the historical cost basis, unless otherwise indicated in the accounting policies stated below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Going Concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with the Group's accounting policies.

All intragroup assets and liabilities, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Consolidation (cont'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Shared-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Business Combinations (cont'd)

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Investments in Subsidiaries

An investment in a subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any.

On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

Investments in Associates

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

The results and assets and liabilities of associate are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale in which case it is accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Investments in Associates (cont'd)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 *Impairment of Assets* to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9 *Financial Instruments*.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of Group's interest in the associate that are not related to the Group.

Foreign Currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional currency and presentation currency of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Foreign Currencies (cont'd)

(b) Transactions and balances

In preparing the financial statements of the group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented in the foreign currency translation reserve in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at exchange rate prevailing on the reporting date. The income and expense items of foreign operations are translated into RM at the exchange rates at the dates of the transactions.

The exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation in recognised in the profit or loss.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(i) Construction contracts

For construction contracts whereby the Group has an enforceable right to payment for performance completed to date, revenue is recognised progressively over time using input method on the basis of the actual construction costs incurred relative to the estimated total construction costs.

Revenue is recognised only in respect of finalised construction contracts to the extent that such revenue relates to the progress of the construction work.

If the Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group will recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

If the Group has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. When the entitlement to payment becomes unconditional, billings will be recognised as receivables. Conversely, if the Group has issued a bill but revenue has yet to be recognised, then the obligation is recognised as a contract liability.

(ii) Sale of completed properties

Revenue from sale of completed properties is recognised upon delivery of properties where the control of the completed properties has been transferred to the buyers.

For the car park sold together with properties, revenue is recognised at the point in time upon delivery of the car park.

For the furniture and fittings supplied, revenue is recognised at the point in time upon installation of the furniture and fittings.

(iii) Sale of construction materials

Revenue is recognised at a point in time when the construction materials is certified by the customers or delivered and accepted by the customers at their premises.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Recognition (cont'd)

(iv) Operation and maintenance revenue from service concession assets

The Group constructs or upgrades an existing infrastructure to provide services to operate and maintain the infrastructure (operation services) for a specified period of time. The Group recognises revenue to which the Group has a right to invoice if it corresponds directly with the value to customer of the Group's performance that is completed to date.

(v) Provision of service on environmental protection and energy conservation

The Group provides service on environmental protection and energy conservation. The Group has an enforceable right to payment for performance obligation completed to date, revenue is recognised progressively over time using output method.

(vi) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(vii) Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(viii) Funding income

Funding income is recognised when loan facility entered on behalf of the subsidiary and is recognised as other income.

<u>Principal versus agent</u>

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

Employee Benefits

(a) Short-term employee benefits

Salaries, social security contributions, paid annual leave, bonuses and non-monetary benefits are recognised as an expense in the year when employees have rendered their services to the Group.

Short-term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Group and the Company make statutory contributions to approved provident fund and the contributions are charged to profit or loss in the period to which they relate. The approved provident fund is a defined contribution plan. Once the contributions have been paid, there are no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits (cont'd)

(c) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the employee share options is measured using a binomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's and the Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred tax</u>

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group and the Company are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax (cont'd)

Deferred tax **(cont'd)**

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get them ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

All other borrowing costs are recognised as finance costs in profit or loss in the year in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Property, Plant and Equipment

All items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

An item of property, plant and equipments is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property, Plant and Equipment (cont'd)

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

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated.

Capital work-in-progress is not depreciated until such time when the asset is available for use.

The current and comparative periods annual rates of depreciation are as follows:

Land improvements	4.5% - 18%
Buildings	2% - 20%
Factory	10%
Plant, machinery and equipment	5% - 33⅓%
Office equipment, furniture and fittings	9% - 33⅓%
Motor vehicles	18% - 33⅓%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period and to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

At the end of each reporting period, the carrying amount of any item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

Leases

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their related stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease component as a single lease component.

<u>The Group as lessee</u>

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

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

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired. The Group's right-of-use assets consist of land, buildings, plant, machinery and equipment and motor vehicles as disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Leases (cont'd)

<u>The Group as lessor</u>

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customer* to allocate the consideration under the contract to each component.

Intangible Assets

Intangible assets acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets are amortised from the date that they are available for use. Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of the intangible assets of 20 to 50 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Investment Properties

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Transfers between investment property, owner occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Impairment of Non-Financial Assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Non-Financial Assets (cont'd)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss, which has been recognised for the asset in prior years.

Service Concession Assets

A portion of the Group's assets are used within the framework of IC Interpretation 12 *Service Concession Arrangement*. The characteristics of the service concession arrangement generally provide, directly or indirectly, for grantor involvement in the determination of the service and its remuneration, and the return of the assets necessary to the performance of the service at the end of the contract.

The Group constructs infrastructure used to provide public service and operates and maintains that infrastructure for a specified period of time.

Such infrastructure is not recognised in assets of the operator as property, plant and equipment but in financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

The financial asset model applies when the Group has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the Group has such an unconditional right if the grantor contractually guarantees the payment of:

- amounts specified or determined in the contract or;
- the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets are recognised at amortised cost.

An impairment loss is recognised if the carrying amount of these assets exceeds the fair value, as estimated during impairment tests. Fair value is estimated based on the recoverable amount, calculated by discounting future cash flows (value in use method).

The portion falling due within less than one year is presented in the statements of financial position under current assets, while the portion falling due within more than one year is presented in the non-current heading.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Service Concession Assets (cont'd)

Revenue and finance income associated with this financial asset model include:

- revenue from the construction of the operating financial assets on a percentage of completion basis;
- operation and maintenance revenue; and
- finance income related to the capital investment in the operating financial assets.

Inventories

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

Properties held for sale and properties under development is determined on a specific identification basis. Properties held for sale and properties under development includes acquisition costs, development expenditure and other costs directly attributable to the development activities.

Cost of raw materials and spare parts is determined on a weighted average method, as appropriate, according to the category of inventories concerned. The cost of raw materials and spare parts comprises original purchase price plus costs incurred in bringing the inventories to their present location and condition. The cost of finished goods and work in progress comprises cost associated with the direct costs and appropriate proportions of common costs.

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

Land Held for Property Development

Land held for property development, stated at lower of cost and net realisable value, if any, is classified as non-current assets when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as properties under development at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the Group's normal operating cycle of 3 to 4 years.

Contract Asset/Contract Liability

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract Costs

(a) Contract fulfilment costs

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Contract Costs (cont'd)

(b) Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

Commission costs are capitalised if they are incurred to obtain a contract with a customer that the Group would not have incurred if the contract had not been obtained, and the costs are expected to be recoverable.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that the Group and the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

By default, all other financial assets are subsequently measured at FVTPL.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "other income" line item.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other income' or 'other expenses' line item. Fair value is determined in the manner described in Note 36.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' or 'administrative expenses' line item;

- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other income' or 'administrative expenses' line item. Other exchange differences are recognised in other comprehensive income in the investment revaluation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other income' or 'administrative expenses' line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Impairment of financial assets

The Group and the Company recognise a loss allowance for expected credit losses on trade and other receivables, loan receivables and contract assets. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group and the Company recognise lifetime expected credit losses ("ECL") for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's and the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Impairment of financial assets (cont'd)

For all other financial instruments, the Group and the Company recognise lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group and the Company compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group and the Company consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's and the Company's debtors operate, based on consideration of various external sources of actual and forecast economic information that relate to the Group's and the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the aforegoing, the Group and the Company assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group and the Company regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Definition of default

The Group and the Company consider the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group and the Company, in full (without taking into account any collaterals held by the Group and the Company).

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group and the Company write off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's and the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's and the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group and the Company in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's and the Company's trade and other receivables, loan receivables and contract assets are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continues to share similar credit risk characteristics.

If the Group and the Company have measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group and the Company measure the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group and the Company recognise an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the assets' carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument, which the Group and the Company have elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments Issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities and Equity Instruments Issued by the Group (cont'd)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs. Ordinary shares and warrants are equity instruments. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

(a) Ordinary Shares

Ordinary shares are recorded at the proceeds received, net of direct attributable transactions costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Warrants

Warrants are classified as equity instruments.

The issuance of ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for a consideration equivalent to the exercise price of the warrants.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest rate method or at FVTPL.

(a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and MFRS 9 *Financial Instruments* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other income' or 'administrative expenses' line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial Liabilities and Equity Instruments Issued by the Group (cont'd)

Financial liabilities (cont'd)

(b) Financial liabilities measured subsequently at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the amortised cost of a financial liability.

Foreign exchange gain or loss

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other income' or 'administrative expenses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid, and payables is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group and the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

Financial guarantee contracts

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

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, are subsequently measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments' results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director & Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement, which are expected to have a significant effect on the amount recognised in the financial statements.

Key sources of estimation uncertainty

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

(a) Construction contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using input method on the basis of the actual costs incurred relative to the estimated total costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligations, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the property development and construction contracts costs. In making the judgement, the Group evaluates based on past experience and external economic factors.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 22.

(c) Expected credit loss ("ECL")

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available. Further details are disclosed in Note 36.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Impairment of investments in subsidiaries

The Company assesses whether there are any indicators of impairment for its investments in subsidiaries at each reporting date.

In assessing whether there is any indication that its investments in subsidiaries may be impaired, the Company considers the external and internal sources of information. The external sources include the market value of the investments, the significant changes in the market and economic environment in which the subsidiaries operate, market interest rate and other market rate of return on investments. The internal sources include corporate plan and evidence of internal reporting of the subsidiaries.

The carrying amount of the investments in subsidiaries of the Company is disclosed in Note 19.

(e) Fair value of other investments

The Group assesses the fair value of other investments based on discounted cash flow method.

In the process of determining the fair value of other investment, significant judgement is involved to estimate the ability of R.K.M. Powergen Private Limited ("RKM") to extend after the end of the signed power purchase agreement and the coal price during the concession period.

The carrying amount of the Group's other investment is disclosed in Note 21.

(f) Net realisable value ("NRV") of properties held for sale, land held for property development and contra properties

The Company assesses the NRV of properties held for sale and land held for property development based on estimated selling price in the ordinary course of business of comparable properties in close proximity less the estimated costs necessary to make the sale and estimated costs of completion.

In the process of determining the NRV, significant judgement is involved in identifying comparable properties and factoring in adjustments which are unique to the properties held by the Group.

The carrying amount of the Group's land held for property development and properties held for sale is disclosed in Note 23, Note 24 and Note 25.

(g) Acquisition of subsidiaries

The initial accounting on the acquisition of subsidiaries involves identifying and determining the fair values to be assigned to be identifiable assets acquired and liabilities assumed at the acquisition date. As at the end of the reporting period, the purchase price allocation exercise is still ongoing. The provisional fair values of the identifiable assets and liabilities are determined by management by reference to comparable market prices or present value of the cash flows of the liabilities. Any adjustments made to the provisional amounts during one year from acquisition date will impact the carrying amounts of the identifiable assets and liabilities and the negative goodwill recognised. Further details are disclosed in Note 19.2.

5. REVENUE

5.1 Disaggregation of revenue

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated
Revenue from contracts with customers			
Construction contracts		215,620	165,581
Sale of completed properties			
- properties		12,816	19,302
- car park		79	1,230
- furniture and fittings		11	1,933
Sale of construction materials		61,104	51,508
Operation and maintenance revenue from service concession assets		7,585	6,745
Provision of service on environmental protection and energy conservation		2,531	-
	(a)	299,746	246,299
Other revenue			
Rental of office space		5,446	4,599
Total revenue		305,192	250,898

(a) Timing and recognition of revenue

	Group 2022 RM'000	Group 2021 RM'000 Restated
At a point in time	74,010	73,973
Over time	225,736	172,326
	299,746	246,299

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. REVENUE (cont'd)

5.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Construction contracts	Revenue is recognised progressively over time using input method on the basis of the actual construction costs incurred relative to the estimated total construction costs.	Based on agreed milestones. Credit period of 30-60 days from invoice date.	Promised consideration may vary if change of scope of work.	Defect liability period of 12 - 24 calendar months from certificate of practical completion/ certificate of completion and compliance as per construction contracts.
Sale of completed properties	Revenue is recognised at a point in time upon delivery of vacant possession.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.
Sale of car park	Revenue is recognised at a point in time upon delivery of car park.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.
Sale of furniture and fittings	Revenue is recognised at a point in time upon delivery of furniture and fittings.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.
Sale of construction materials	Revenue is recognised at a point in time when the construction materials are certified by the customers or delivered and accepted by the customers at their premises.	Cash term/Credit period of 30 days from invoice date.	Not applicable.	Not applicable.

5. REVENUE (cont'd)

5.2 Nature of goods and services (cont'd)

The following information reflects the typical transactions of the Group: (cont'd)

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Operation and maintenance revenue from service concession assets	The Group constructs or upgrades an existing infrastructure to provide services to operate and maintain the infrastructure (operation services) for a specified period of time. The Group recognises revenue in the amount to which the Group has a right to invoice if it corresponds directly with the value to customer of the Group's performance that is completed to date.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.
Provision of service on environmental protection and energy conservation	The revenue is recognised over time based on output method.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.

5.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

	Group				
	2022 RM'000	2023 RM'000	2024 RM'000	More than 2024 RM'000	Total RM'000
2022					
Construction contracts	-	273,286	50,598	-	323,884
Operation and maintenance revenue from service concession assets	-	7,219	7,436	132,145	146,800
	-	280,505	58,034	132,145	470,684

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

5. REVENUE (cont'd)

5.3 Transaction price allocated to the remaining performance obligations (cont'd)

	Group				
	2022	2023	2024	More than 2024	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2021 (Restated)					
Construction contracts	204,615	182,835	-	-	387,450
Operation and maintenance revenue from service concession assets	7,585	7,219	7,436	132,145	154,385
	212,200	190,054	7,436	132,145	541,835

The Group applies the practical expedients for exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

6. COST OF SALES

	Group	
	2022	2021
	RM'000	RM'000
		Restated
Cost of inventories sold	80,577	68,114
Contract fulfilment costs	172,376	142,756
Property maintenance cost	3,482	3,109
Inventories written down to net realisable value	587	1,509
	257,022	215,488

7. OTHER INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
Corporate guarantee income from:				
- an associate	299	299	-	-
- subsidiaries	-	-	1,071	2,329
Fair value gain on:				
- derivatives	-	4,011	-	-
- financial assets designated at fair value through profit or loss	202	-	-	-
- other investments	6,500	21,000	-	-
Funding income from subsidiary	-	-	7,216	6,355
Gain on disposal of:				
- property, plant and equipment	629	525	-	-
- right-of-use assets	2	33	-	-
- a subsidiary	16	-	-	-
Interest income from:				
- deposits with financial institutions	2,034	1,605	-	32
- associate	850	1,990	-	-
- loan receivables	44	-	-	-
- service concession assets	26,594	27,506	-	-
Negative goodwill arising from business combination	6,248	-	-	-
Unrealised foreign exchange gain	3,346	-	-	-
Rental income from:				
- investment properties	136	135	-	-
- residential units	1,357	807	-	-
- others	586	179	-	-
Secondment fees receivable	189	669	-	-
Subsidy from government	1,238	-	-	-
Reversal of impairment loss of financial instruments				
- Trade receivables	213	-	-	-
- Other receivables	1,420	-	-	-
- Amount due from subsidiaries	-	-	-	14,289
Miscellaneous	2,204	2,087	-	-
	54,107	60,846	8,287	23,005

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

8. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- bank borrowings	29,296	41,983	7,205	6,349
- lease liabilities	2,371	2,412	-	2
Others	16	35	-	-
	31,683	44,430	7,205	6,351

9. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after the following charges/(credits):

	Group		Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- Audit fees				
Auditors of the Company	1,745	463	140	135
Other auditors	48	22	-	-
- Non-audit fees				
Auditors of the Company	1,652	50	15	10
Amortisation of intangible assets	646	620	-	-
Depreciation of:				
- property, plant and equipment	5,880	4,951	109	31
- investment properties	925	933	-	-
- right-of-use assets	2,766	2,776	-	77
Impairment loss on:				
- investment in subsidiaries	-	-	-	196,590
- goodwill arising from acquisition of a subsidiary	-	17	-	-
Property, plant and equipment written off	1,782	954	-	-
Employee benefits expenses (Note 10)	20,616	18,432	1,226	1,127
Fair value loss on derivatives	1,197	-	-	-
Net foreign exchange differences:				
- realised	731	19	-	-
- unrealised	-	4,373	468	996
Non-executive Directors' remuneration (Note 10)	404	574	404	574
Expenses relating to short-term leases	4,238	4,427	-	-
Allowance for/(Reversal of) impairment loss :				
- Trade receivables	494	(50)	-	-
- Other receivables	1,800	2,689	-	-
- Amount due from susbidiaries	-	-	2,885	-
- Amount due from associates	-	1,990	-	-
- Loan receivables	50	-	-	-

10. EMPLOYEE BENEFITS EXPENSE AND KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	18,344	16,284	1,133	1,004
Social security contributions	115	123	1	1
Contributions to defined contribution plan	1,739	1,701	92	95
Share options granted under ESOS	-	92	-	-
Other benefits	418	232	-	27
	20,616	18,432	1,226	1,127

Included in employee benefits expenses of the Group and the Company are executive Directors' and other key management personnel remuneration amounting to RM5,113,000* (2021: RM4,950,000*) and RM1,188,000** (2021: RM1,054,000**) as disclosed below.

The key management personnel compensations are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Executive Directors:				
Salaries and other emoluments	2,309	2,141	1,099	963
Defined contribution plan	182	203	89	91
	2,491*	2,344*	1,188**	1,054**
Non-executive Directors:				
Fees	254	389	254	389
Other emoluments	150	185	150	185
	404	574	404	574
	2,895	2,918	1,592	1,628
Estimated money value of benefits-in-kind	59	115	-	35
Total Directors' remuneration	2,954	3,033	1,592	1,663
Other key management personnel:				
Salaries and other emoluments	2,364	2,327	-	-
Defined contribution plan	258	279	-	-
	2,622*	2,606*	-	-
Estimated money value of benefits-in-kind	50	49	-	-
Total other key management personnel compensation	2,672	2,655	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

11. INCOME TAX EXPENSE/(CREDIT)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
Estimated tax payable:				
- current year	5,597	2,633	-	65
- (over)/under provision in prior years	(398)	505	(1)	(3)
	5,199	3,138	(1)	62
Deferred tax (Note 22):				
- current year	(2,328)	2,492	-	-
- under provision in prior years	2,553	462	-	-
	225	2,954	-	-
	5,424	6,092	(1)	62

A reconciliation of income tax expense/(credit) applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
		Restated		
Profit/(Loss) before tax	29,889	19,993	(5,092)	(185,556)
Tax at statutory tax rate of 24%	7,173	4,798	(1,222)	(44,533)
Tax effects of:				
- Non-deductible expenses	7,217	9,353	3,211	48,035
- Non-taxable income	(13,147)	(9,181)	(1,989)	(3,437)
Effect of share of associates' profit	(1,180)	(1,862)	-	-
Effect of tax losses incurred in tax exempt jurisdiction	1,116	-	-	-
Different tax rates in other tax jurisdiction	11	-	-	-
Recognition of previously unrecognised temporary differences	(983)	(759)	-	-
Effect of deferred tax assets not recognised	3,062	2,776	-	-
(Over)/Under provision in prior years:				
- Current tax	(398)	505	(1)	(3)
- Deferred tax	2,553	462	-	-
	5,424	6,092	(1)	62

12. EARNINGS PER ORDINARY SHARE

Basic and diluted earnings per ordinary share

Basic and diluted earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders over weighted average number of ordinary shares outstanding as at 31 December, as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
		Restated
Profit for the year attributable to owners of the Company	17,593	12,328

	Group	
	2022	**2021**
Basic earnings per ordinary shares		
Weighted average number of ordinary shares as at 31 December ('000)	1,394,062	784,042
Basic earnings per ordinary share (sen)	1.26	1.57
Diluted earnings per ordinary shares		
Weighted average number of ordinary shares as at 31 December ('000)	1,394,062	784,042
Effect of dilution from exercise of warrants ('000)	70,839	648,862
	1,464,901	1,432,904
Diluted earnings per ordinary share (sen)	1.20	0.86

The warrants of 70,839,099 units (2021: 648,862,166 units) could potentially diluted the earnings per share when it is exercised.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

13. OPERATING SEGMENTS

Segment information

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group Managing Director & Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(a)	Construction	-	undertaking engineering, constructions works, and equipment and construction materials procurement
(b)	Property	-	the development of residential and commercial properties plus rental
(c)	Power	-	sale of power energy and facilities management
(d)	Trading and manufacturing	-	trading in construction materials and manufacturing of construction related products
(e)	Investment and others	-	Investment holding and others

The management monitors the operating results of its business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments have been entered into in normal course of business and have been established on mutually agreed terms and conditions.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director & Chief Executive Officer. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is based on the liabilities of a segment as included in the internal management reports that are reviewed by the Group Managing Director & Chief Executive Officer.

13. OPERATING SEGMENTS (cont'd)

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment properties.

2022	Construction RM'000	Property RM'000	Power RM'000	Trading and manufacturing RM'000	Investment and others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:								
External customers	218,967	18,352	7,586	60,287	-	-		305,192
Inter-segment	-	2,023	2,045	27,574	-	(31,642)	(i)	-
Total revenue	218,967	20,375	9,631	87,861	-	(31,642)		305,192
Results:								
Included in the measure of segment profit/(loss) are:								
Inventories written down to net realisable value	-	(587)	-	-	-	-		(587)
Interest income	488	107	28,107	361	459	-		29,522
Fair value gain on financial assets designated at fair value through profit or loss	202	-	-	-	-	-		202
Fair value gain on other investments	-	-	6,500	-	-	-		6,500
(Allowance for)/ Reversal of impairment loss of financial instruments	(1,587)	(325)	-	1,201	-	-		(711)
Depreciation and amortisation	(1,620)	(1,694)	(3,105)	(3,690)	(108)	-		(10,217)
Fair value loss on derivatives	(1,197)	-	-	-	-	-		(1,197)
Finance costs	(6,750)	(700)	(14,437)	(2,591)	(7,205)	-		(31,683)
Share of profit of associates	657	-	4,260	-	-	-		4,917
Tax expense	(48)	(1,218)	(3,089)	(1,070)	1	-		(5,424)
Profit/(Loss) for the year	1,526	10,908	22,018	(3,031)	(13,206)	6,250	(ii)	24,465
Assets:								
Included in the measure of segment assets are:								
Investment in associates	7,928	-	14,684	-	-	-		22,612
Additions to non-current assets	407	451	113	1,502	4	-	(iii)	2,477
Segment assets	438,740	248,832	437,860	964,886	538,122	(702,577)	(iv)	1,925,863
Segment liabilities	391,614	124,880	381,435	597,779	251,452	(500,285)	(v)	1,246,875

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

13. OPERATING SEGMENTS (cont'd)

Segment capital expenditure (cont'd)

2021 (Restated)	Construction RM'000	Property RM'000	Power RM'000	Trading and manufacturing RM'000	Investment and others RM'000	Adjustments and eliminations RM'000	Note	Per consolidated financial statements RM'000
Revenue:								
External customers	185,282	27,063	6,745	31,808	-	-		250,898
Inter-segment	-	2,021	1,987	26,545	-	(30,553)	(i)	-
Total revenue	185,282	29,084	8,732	58,353	-	(30,553)		250,898
Results:								
Included in the measure of segment profit/(loss) are:								
Inventories written down to net realisable value	-	(1,509)	-	-	-	-		(1,509)
Interest income	471	78	30,388	-	164	-		31,101
Fair value gain on derivatives	4,011	-	-	-	-	-		4,011
Fair value gain on other investments	-	-	21,000	-	-	-		21,000
Allowance for impairment loss of financial instruments	(2,542)	(97)	(1,990)	-	-	-		(4,629)
Depreciation and amortisation	(2,686)	(1,637)	(3,081)	(1,768)	(108)	-		(9,280)
Finance costs	(11,296)	(138)	(16,280)	(274)	(16,442)	-		(44,430)
Share of profit of associates	1,796	-	5,964	-	-	-		7,760
Tax expense	42	(2,471)	(3,272)	(330)	(61)	-		(6,092)
(Loss)/Profit for the year	(6,901)	1,828	35,145	4,028	(20,695)	496	(ii)	13,901
Assets:								
Included in the measure of segment assets are:								
Investment in associates	7,031	-	10,424	-	-	-		17,455
Additions to non-current assets	146	460	26	215	-	-	(iii)	847
Segment assets	389,233	200,667	462,135	42,687	462,672	(537,296)	(iv)	1,020,098
Segment liabilities	343,256	84,123	410,350	29,127	187,832	(337,391)	(v)	717,297

13. OPERATING SEGMENTS (cont'd)

Segment capital expenditure (cont'd)

(i) Inter-segment revenues are eliminated on consolidation.

(ii) The following items are deducted from segment profit to arrive at profit/(loss) before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Profit/(Loss) from inter-segment	6,250	496

(iii) Additions to non-current assets consist of property, plant and equipment (Note 14) and investment properties (Note 16).

(iv) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Inter-segment assets	(702,577)	(537,296)

(v) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Inter-segment liabilities	(500,285)	(337,391)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include investments in associates, other investments and deferred tax assets.

	Total revenue from external customers		**Non-current assets**		**Additions to non-current assets**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**		
Malaysia	264,809	250,898	403,272	437,142	1,446	847
China	40,383	-	177,594	-	1,031	-
	305,192	250,898	580,866	437,142	2,477	847

Major customers

Approximately 67% (2021: 75%) of total revenue during the year is mainly contributed from four (4) (2021: four (4)) customers.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Land improvements RM'000	Buildings RM'000	Factory RM'000	Plant, machinery and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost									
As at 1 January 2021	9,572	-	12,432	8,783	62,403	12,031	14,522	-	119,743
Additions	-	-	300	-	329	160	-	-	789
Disposals	-	-	-	-	-	(5)	(2,116)	-	(2,121)
Written off	-	-	-	-	(2,331)	-	-	-	(2,331)
Reclassify from right-of-use assets	-	-	-	-	694	-	3,927	-	4,621
Effect of movements in exchange rates	-	-	-	-	-	5	5	-	10
As at 31 December 2021/ 1 January 2022	9,572	-	12,732	8,783	61,095	12,191	16,338	-	120,711
Acquisition of subsidiaries	-	1,850	164,323	-	165,135	6,858	3,462	1,314	342,942
Additions	-	-	382	-	889	907	210	89	2,477
Disposals	-	-	-	-	(1,059)	(228)	(1,915)	-	(3,202)
Written off	-	-	-	(3,264)	-	-	-	-	(3,264)
Effect of movements in exchange rates	-	(73)	(6,442)	-	(6,532)	(281)	(130)	(51)	(13,509)
As at 31 December 2022	9,572	1,777	170,995	5,519	219,528	19,447	17,965	1,352	446,155

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Freehold land RM'000	Land improvements RM'000	Buildings RM'000	Factory RM'000	Plant, machinery and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation									
As at 1 January 2021	-	-	4,264	6,139	58,590	11,384	12,671	-	93,048
Charge for the year	-	-	542	521	1,662	277	1,949	-	4,951
Disposals	-	-	-	-	-	(5)	(2,097)	-	(2,102)
Written off	-	-	-	-	(1,377)	-	-	-	(1,377)
Reclassify from right-of-use assets	-	-	-	-	411	-	2,327	-	2,738
Effect of movements in exchange rates	-	-	-	-	-	5	5	-	10
As at 31 December 2021/ 1 January 2022	-	-	4,806	6,660	59,286	11,661	14,855	-	97,268
Acquisition of subsidiaries	-	755	45,353	-	132,058	4,235	1,920	-	184,321
Charge for the year	-	11	1,248	290	2,579	363	1,389	-	5,880
Disposals	-	-	-	-	(925)	(219)	(1,914)	-	(3,058)
Written off	-	-	-	(1,482)	-	-	-	-	(1,482)
Effect of movements in exchange rates	-	(30)	(1,783)	-	(5,247)	(169)	(70)	-	(7,299)
As at 31 December 2022	-	736	49,624	5,468	187,751	15,871	16,180	-	275,630
Net book value									
As at 31 December 2021	9,572	-	7,926	2,123	1,809	530	1,483	-	23,443
As at 31 December 2022	9,572	1,041	121,371	51	31,777	3,576	1,785	1,352	170,525

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
Cost			
As at 1 January 2021	16	-	16
Reclassify from right-of-use assets	-	512	512
As at 31 December 2021/1 January 2022	16	512	528
Additions	4	-	4
As at 31 December 2022	20	512	532
Accumulated depreciation			
As at 1 January 2021	-	-	-
Charge for the year	5	26	31
Reclassify from right-of-use assets	-	324	324
As at 31 December 2021/1 January 2022	5	350	355
Charge for the year	7	102	109
As at 31 December 2022	12	452	464
Net book value			
As at 31 December 2021	11	162	173
As at 31 December 2022	8	60	68

Security

The freehold land with carrying amount of RM9,572,000 (2021:RM9,572,000) were pledged to secure the Group's revolving credit (Note 32(e)).

Certain buildings of the Group with carrying amount of RM1,134,000 (2021: RM1,168,000), RM426,000 (2021: RM438,000) and RM23,948,000 (2021: Nil) were pledged to secure the Group's term loan (Note 32(a)(iv)), revolving credit (Note 32(e)) and short-term bank facilities in respect of issuance of bills payable (Note 33) respectively.

Included in property, plant and equipment of the Group are fully depreciated property, plant and equipment which are still in use, with a cost of approximately RM89,392,000 (2021: RM77,052,000).

15. RIGHT-OF-USE ASSETS

Group	Land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Total RM'000
As at 1 January 2021	42,514	64	423	1,734	44,735
Additions	-	13	39	-	52
Disposal	(737)	-	-	-	(737)
Reclassify to property, plant and equipment	-	-	(283)	(1,600)	(1,883)
Depreciation charged for the year	(2,520)	(56)	(66)	(134)	(2,776)
As at 31 December 2021/ 1 January 2022	39,257	21	113	-	39,391
Acquisition of subsidiaries	3,086	1,612	-	-	4,698
Additions	219	53	-	386	658
Disposal	-	(6)	-	-	(6)
Depreciation charged for the year	(2,493)	(193)	(59)	(21)	(2,766)
Effect of movements in exchange rates	(121)	(64)	-	-	(185)
As at 31 December 2022	39,948	1,423	54	365	41,790

Company	Motor vehicles RM'000
As at 1 January 2021	265
Depreciation charged for the year	(77)
Reclassify to property, plant and equipment	(188)
As at 31 December 2021/1 January 2022/31 December 2022	-

Transferred to property, plant and equipment

Upon the end of the lease periods, the Group reclassify the remaining carrying amount of the right-of-use assets entered under hire purchase arrangement to property, plant and equipment.

15.1 Restriction imposed by lease

The Group has certain lease contracts for land restrict the Group's ability to sublease the leased assets. Such land shall be used solely and exclusively for the solar panel facility.

15.2 Included in land are land use rights granted by the relevant People's Republic of China ("PRC") government authorities located in Shandong, the PRC, and depreciated over the remaining term of leases.

15.3 As at 31 December 2022, the Group pledged right-of-use assets on land use rights with carrying amount of RM373,000 (2021: Nil) to secure for short-term bank facilities in respect of the issuance of bills payable (Note 33).

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

16. INVESTMENT PROPERTIES

Group	Investment properties RM'000
Cost	
As at 1 January 2021	58,922
Additional expenditure in investment properties	58
As at 31 December 2021/1 January 2022/31 December 2022	58,980
Accumulated depreciation	
As at 1 January 2021	7,204
Charge for the year	933
As at 31 December 2021/1 January 2022	8,137
Charge for the year	925
As at 31 December 2022	9,062
Net book value	
As at 31 December 2021	50,843
As at 31 December 2022	49,918

Investment properties comprise a number of commercial properties that are leased to third parties. The leases contain initial non-cancellable period up to 3 years. No contingent rents are charged.

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

	Group	
	2022 RM'000	2021 RM'000
Rental income		
- Revenue	5,446	4,599
- Other income	136	135
Property maintenance cost from income generating investment properties	(3,482)	(3,109)

Fair value information

	Group	
	2022 RM'000	2021 RM'000
Estimated fair value	105,594	82,981

16. INVESTMENT PROPERTIES (cont'd)

Fair value information (cont'd)

Fair value of investment properties is categorised as Level 3. The fair value of the investment properties is derived based on sales comparison approach by reference to observed market price in other similar property transactions.

Estimated fair value of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Security

Certain investment properties with carrying amount of RM48,666,000 (2021: RM49,553,000) and RM601,000 (2021: RM618,000) were pledged to secure the Group's term loans (Note 32(a)(iv) and Note 32(a)(vi)) and revolving credits (Note 32(e)) respectively.

Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Less than one year	4,772	3,524
One to two years	3,251	3,167
Total undiscounted lease payments	8,023	6,691

17. INTANGIBLE ASSETS

	REPPA	Mining right	Total
Group	**RM'000**	**RM'000**	**RM'000**
Cost			
As at 1 January 2021/31 December 2021	12,393	-	12,393
Acquisition of subsidiaries	-	6,617	6,617
Effect of movements in exchange rates	-	(258)	(258)
As at 31 December 2022	12,393	6,359	18,752
Accumulated amortisation			
As at 1 January 2021	3,720	-	3,720
Amortisation for the year	620	-	620
As at 31 December 2021/1 January 2022	4,340	-	4,340
Acquisition of subsidiaries	-	2,251	2,251
Amortisation for the year	620	26	646
Effect of movements in exchange rates	-	(89)	(89)
As at 31 December 2022	4,960	2,188	7,148

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

17. INTANGIBLE ASSETS (cont'd)

Group	REPPA RM'000	Mining right RM'000	Total RM'000
Carrying amounts			
As at 31 December 2021	8,053	-	8,053
As at 31 December 2022	7,433	4,171	11,604

Intangible asset arising from interest over Renewable Energy Power Purchase Agreement ("REPPA")

The intangible assets relate to the REPPA as discussed in Note 18.

Intangible assets have finite useful lives and are subject to impairment assessment only if there is an indication of impairment. There is no indication of impairment during the year. The intangible assets are amortised on a straight-line basis over its estimated useful life of 20 years.

Mining right

The license period for the mining of limestone quarry located in the PRC is 10 years and renewable for another 10 years or more at minimal charges. The mining right is amortised on a straight-line basis over its estimated useful life of 50 years.

18. SERVICE CONCESSION ASSETS

Service concession assets comprise financial assets in accordance with accounting policies for concession assets as described in Note 3.

	Group		
	31.12.2022 RM'000	31.12.2021 RM'000 Restated	1.1.2021 RM'000 Restated
Current	12,565	9,565	10,286
Non-current	278,354	290,919	300,484
	290,919	300,484	310,770

18. SERVICE CONCESSION ASSETS (cont'd)

The movements in the net carrying amounts of non-current and current service concession assets are as follows:

	Group	
	2022 RM'000	2021 RM'000 Restated
At beginning of year (as previously stated)	285,084	302,622
Restatement of comparatives (Note 37)	15,400	8,148
At beginning of year (as restated)	300,484	310,770
Received from TNB	(43,744)	(44,537)
Operation and maintenance revenue	7,585	6,745
Finance income from service concession assets	26,594	27,506
At end of year	290,919	300,484

On 15 June 2012 and 28 June 2012, a subsidiary (Special Universal Sdn. Bhd. ("SUSB")) and Tenaga Nasional Berhad ("TNB") entered into Renewable Energy Power Purchase Agreement ("REPPA") to develop, design, finance, insure, procure, construct, install, test, commission, own, operate, manage and maintain the Renewable Energy Installation, the Interconnection Facilities and the Communication Facilities. The effective period of the REPPA as specified in the Feed-in Approval date is 21 years. The service concession asset of SUSB was pledged to secure the term loans (Note 32(a)(ii) and Note 32(a)(iii)) .

On 16 March 2017, a subsidiary (Sinar Kamiri Sdn. Bhd. ("SKSB")) and TNB entered into Power Purchase Agreement ("PPA") to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 49MW proposed to be located in Sungai Siput, Kuala Kangsar, Perak to generate and deliver solar photovoltaic energy to TNB. The PPA will be expiring on the day before 21 years of the commercial operation date of the facility. The service concession asset of SKSB was pledged to secure the Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah (Note 32(c)).

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The receivables will be collected over the period of the concession contracts.

19. INVESTMENTS IN SUBSIDIARIES

		Company	
		2022	2021
	Note	RM'000	RM'000
At cost:			
Unquoted shares			
As at 1 January		160,880	317,771
Additions	(a)	-	39,699
Less: Impairment loss	(b)	-	(196,590)
		160,880	160,880
Amount due from a subsidiary	(c)	50,869	60,640
As at 31 December		211,749	221,520

(a) Subscription of shares in a subsidiary

On 31 March 2021, the Company subscribed for 39,699,000 ordinary shares in the share capital of Mudajaya Corporation Berhad ("MCB"), a wholly owned subsidiary at an issue price of RM1.00 per share and the consideration is by way of capitalisation of the amount owing by MCB to the Company amounted to RM39,699,000.

(b) Impairment loss of investments in subsidiaries

Impairment losses are recognised based on the excess of carrying amount over recoverable amount.

The cost of investment in MCB exceeded their net assets arising from the downturn of MCB's operation loss and no new projects were secured in previous year. This resulted in an impairment of RM196,590,000 being recognised in previous year.

The recoverable amount of the investment in MCB is estimated based on its value in use.

Value in use was determined by discounting the future cash flows expected to be generated from the subsidiaries based on the following key assumptions:

- revenue was projected for 5 years based on secured projects and tendered projects;
- gross profit margins are based on the estimated achievable historical rates;
- a post-tax discount rate of 11.0% was applied.

The above estimates are particularly sensitive in the following areas:

- An increase of 1% percentage point in the discount rate used would have decreased the value in use by RM16,000,000.
- A decrease of 1% future operating profit margin would have decreased the value in use by RM36,000,000.

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) Amount due from a subsidiary

The amount due from a subsidiary is unsecured, non-interest bearing and with no fixed term of repayment. Management is of the view that, in substance, the advances provided are similar to an interest in equity shares of the subsidiary. Accordingly, the amount due from a subsidiary is classified as an investment in the subsidiary.

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %	Director *
Held by the Company:					
Mudajaya Corporation Berhad ("MCB")	Malaysia	Civil engineering and building construction	100	100	JW LEL
MJC Development Sdn. Bhd. ("MJCD")	Malaysia	Property management, development and building construction	100	100	JW LEL LTL
MJC Industries Sdn. Bhd. ("MJCI")	Malaysia	Investment holding	100	100	JW YKC
Mudajaya Energy Sdn. Bhd. ("MESB")	Malaysia	Investment holding	100	100	JW LEL
Mudajaya Ventures Limited ("MVL")	Federal Territory of Labuan, Malaysia	Special purpose vehicle for issuance of medium term notes	100	100	JW LEL
Dayang Pertiwi Sdn. Bhd. ("DPSB") #	Malaysia	Investment holding	100	100	JW LEL
Held through MCB:					
Mudajaya Land Sdn. Bhd.	Malaysia	Property management and development	100	100	JW LEL LTL
MJC City Development Sdn. Bhd. ("MJCC")	Malaysia	Property development	70	70	JW LEL LTL CKS SHP
Entrutech Sdn. Bhd.	Malaysia	Engineering, procurement, construction and commissioning ("EPCC")	100	100	JW LEL

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19. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %	Director *
Mudajaya Middle East Ltd. ("MMEL") #	Kingdom of Saudi Arabia	General construction and investment holding	75	75	YYC ASFJ MAAR AHAS NCK
Mudajaya International Investment Ltd. ("MIIL") #	British Virgin Island	Has not commenced operations	100	100	MCB
Desiran Johan Sdn. Bhd.	Malaysia	Property development and construction	70	70	JW LEL TCB TTL ABR
Mudajaya City Corporation Sdn. Bhd. ("MCSB") #	Malaysia	Property development and construction	100	100	JW LEL
Mudajaya Holdings Sdn. Bhd. ("MHSB") #	Malaysia	Has not commenced operations	100	100	JW LEL
Mudajaya Facilities Management Sdn. Bhd. ("MFMSB")	Malaysia	Operation and management of power plant	100	100	JW LEL
Sumber Jayakita Sdn. Bhd. ("SJSB") #	Malaysia	Investment holding	60	60	JW LEL TCB
Held through MIIL:					
Mudajaya Construction (India) Private Ltd. #	India	Construction and related business	100	100	JW JSK
Held through MJCI:					
MJC Precast Sdn. Bhd. ("MJCP")	Malaysia	Manufacture of precast concrete and other related products	100	100	JW YKC
MJC Trading Sdn. Bhd. ("MJCT")	Malaysia	Trading in construction related materials	100	100	JW LEL

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2022 %	2021 %	Director *
Held through MJCP:					
Mudajaya IBS Sdn. Bhd. (“MIBS”)	Malaysia	Manufacture of precast concrete and other related products	100	100	JW LEL YKC
Held through MESB:					
Active Flora Sdn. Bhd. (“AFSB”)	Malaysia	Investment holding	100	100	JW CMH
Positive Range Sdn. Bhd. (“PRSB”)	Malaysia	Investment holding	100	100	JW LEL
Mudajaya Power International Sdn. Bhd. (“MPISB”)	Malaysia	Civil engineering and building construction	100	100	JW LEL
Mudajaya RE Sdn. Bhd.	Malaysia	Investment holding	100	100	JW LEL
Bera Hydropower Sdn. Bhd. (“BHSB”) #	Malaysia	Business of general engineering and property	-	76	-
Held through AFSB and PRSB:					
Special Universal Sdn. Bhd. (“SUSB”)	Malaysia	Photovoltaic power plant	60	60	JW LEL TCB OKJ OAH
Held through MPISB:					
PT Mudajaya Energi Indonesia #	Indonesia	Investment holding	95	95	JW THP

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %	Director *
Held through Mudajaya RE Sdn. Bhd.:					
Sinar Kamiri Sdn. Bhd.	Malaysia	Power generation and investment holding	100	100	JW LEL
Held through MJCD:					
Piala Tebrau (M) Sdn. Bhd.	Malaysia	Dormant	100	100	JW LEL
Held through DPSB:					
Captain Profit Limited ("CPL") #	British Virgin Islands	Has not commenced operations	100	100	JW LEL
Double Ace Global Limited ("DAG") #	British Virgin Islands	Has not commenced operations	100	100	JW LEL
Held through CPL:					
Mudajaya Pacific Limited ("MPL") #	Hong Kong	Has not commenced operations	100	100	JW LEL
Held through MPL:					
Ji Feng Building Material Co., Ltd	China	Trading of building materials	100	-	AC&
Held through DAG:					
Xelmont Limited ("Xelmont")	British Virgin Islands	Has not commenced operations	100	100	JW LEL
Held through Xelmont:					
Real Jade Limited ("RJL")	British Virgin Islands	Investment holding	100	-	JW LEL NQH TCB[1]

[1] Alternate director to LEL

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2022 %	2021 %	Director *
Held through RJL:					
Splendid Link Limited ("Splendid Link")	British Virgin Islands	Investment holding	100	-	LEL NQH
Power Enrich Ltd	British Virgin Islands	Dormant	100	-	LEL NQH
Level Supreme Ltd	British Virgin Islands	Dormant	100	-	LEL NQH
Held through Splendid Link:					
Shanghai Allied Cement Holdings Limited ("SACHL")	Hong Kong	Investment holding	100	-	LEL NQH
Held through SACHL:					
SAC Intellectual Properties Limited ("SACIPL")	British Virgin Islands	Investment holding	100	-	LEL NQH
Shandong Allied Wangchao Cement Limited ("SAWCL")	China	Manufacture and sales of cement and clinker	100	-	NQH CCH YZ LC
All-cement Limited ("ACL")	British Virgin Islands	Investment holding and cement business	100	-	LEL NQH
Held through SACIPL:					
Silver Bloom Holdings Limited ("Silver Bloom")	Hong Kong	Investment holding	100	-	LEL NQH
Held through Silver Bloom:					
All-Shanghai Inc. ("ASI")	British Virgin Islands	Investment holding and cement business	83.33	-	LEL KU

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(CONTINUED)

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %	Director *
Held through ASI:					
Shanghai Allied Cement Co., Ltd ("SHAC") ^	China	Trading of cement and clinker	50	-	NQH CCH XC LC KU YZ YB LY
Held through SAWCL:					
Zaozhuang Laisheng New Building Materials Co., Ltd	China	Manufacture and sales of building stones	70	-	NQH CCH NJS
Held through ACL:					
Shandong Shanghai Allied Cement Co., Ltd ("SSACC")	China	Manufacture and sales of slag	100	-	NQH CCH HWH
Held through SSACC:					
Shanghai Guorui Tongshun Environmental Protection Technology Co., Ltd ("SHGT")	China	Provision of energy conversation and reuse solutions	70.83	-	HWH FYB
Held through SHGT:					
Shanghai Guokunsheng Construction Group Co., Ltd^	China	Provision of energy conversation and reuse solutions	36.12	-	NQH LZX LB HX LC

\# Not audited by Deloitte.
* The directors who served as at date of report.
^ Effective interest.
& There is no director officially registered to-date. Alvin Chew Chee Wai (AC) as the legal representative of the subsidiary.

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

19.1 Directors' in the subsidiaries

James Wong Tet Foh (JW)
Lee Eng Leong (LEL)
Lee Tze Liu (LTL)
Yam Keong Chee (YKC)
Chai Kun Seng (CKS)
Sim Hee Pang (SHP)
Yong Yee Coi (YYC)
Anto SF Joseph (ASFJ)
Mohammad Abdullah Abdul Rahman Al-Shoail (MAAR)
Abdul Hafiz Al-Shedokhi (AHAS)
Ng Chee Kin (NCK)
Mudajaya Corporation Berhad (MCB)
Tan Chin Boo (TCB)
Tan Tong Lai (TTL)
Ahmad Badri bin Ramli (ABR)
Jayasree S. Kumar (JSK)
Chai Min Hon (CMH)
Ong Kah Joon (OKJ)
Ong Ah Hua (OAH)
Turima Heri Purwanto (THP)
Ng Qing Hai (NQH)
Koichi Urakawa (KU)
Chan Chun Hong (CCH)
Xiang Chaobi (XC)
Li Chao (LC)
Yu Zhong (YZ)
Yan Bin (YB)
Li Ying (LY)
Huang Wu Hu (HWH)
Fan Yi Bin (FYB)
Ng Jing Sheng (NJS)
Li Zhixiang (LZ)
Li Beibei (LB)
Huang Xunhao (HX)

19.2 Acquisition of subsidiaries and non-controlling interests

On 9 April 2021, the Group acquired 60% shares in Sumber Jayakita Sdn. Bhd. ("SJSB") for RM10,058, satisfied in cash. SJSB is principally engaged as investment holding company. As a result of the acquisition, SJSB became the indirect subsidiary of the Company.

On 23 September 2021, DAG incorporated a limited company known as Xelmont Limited ("Xelmont"). As a result of the incorporation, the Company became the indirect subsidiary of the Company.

On 5 January 2022, MPL incorporated a limited company known as Ji Feng Building Material Co., Ltd ("Ji Feng"). As a result of the incorporation, Ji Feng became the indirect subsidiary of the Company.

On 8 November 2022, the Group acquired 100% shares in Real Jade Limited and its subsidiaries ("Real Jade") for HKD400,000,000, satisfied in cash and via vendor financing. As a result of the acquisition, Real Jade became the indirect subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

19.2 Acquisition of subsidiaries and non-controlling interests (cont'd)

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

	Group	
	2022	2021
	RM'000	RM'000
Fair value of consideration transferred		
Cash and cash equivalents	111,457	10
Vendor financing	111,029	-
	222,486	10

Identifiable assets acquired and liabilities assumed

	Group	
	2022	2021
	RM'000	RM'000
Assets		
Property, plant and equipment	158,621	-
Right-of-use assets	4,698	-
Trade and other receivables	615,943	1
Intangible assets	4,366	-
Other current assets	1,274	-
Inventories	32,999	-
Loan receivables	59,138	-
Financial assets at fair value through profit or loss	59,456	-
Cash and bank balances	95,559	1
	1,032,054	2
Less: Liabilities		
Trade and other payables	(399,709)	(13)
Contract liabilities	(4,801)	-
Loans and borrowings	(78,312)	-
Tax liabilities	(48,367)	-
Lease liabilities	(1,635)	-
Deferred tax liabilities	(17,384)	-
	481,846	(11)
Non-controlling interests	(253,112)	-
Net identifiable assets/(liabilities) acquired	228,734	(11)

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

19.2 Acquisition of subsidiaries and non-controlling interests (cont'd)

	Group	
	2022	2021
	RM'000	RM'000
Percentage of ownership interest and voting interest	100%	60%
Net identified asset acquired	228,734	(7)
Total purchase consideration	222,486	10
Negative goodwill arising from business combination	6,248	-
Net cash outflow arising from acquisition of subsidiaries		
Purchase consideration settled in cash and cash equivalents	(111,457)	(10)
Cash and cash equivalents acquired	95,559	1
	(15,898)	(9)

The fair value of identifiable assets, liabilities and goodwill as at 31 December 2022 are provisional as the Group is currently undertaking a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets. The negative goodwill on acquisition is now provisionally estimated, any differences arising on completion of purchase price allocation will be adjusted accordingly on retrospective basis.

19.3 Disposal of a subsidiary

On 22 December 2022, the Group has entered into a share sale agreement with Wazan Corporation Sdn. Bhd. ("WCSB") for the disposal of the Group's entire 76% shareholding in BHSB to WCSB, the existing 12% shareholder of BHSB for a nominal sum of RM1.00. The share sale transaction has been completed and BHSB ceased to be the subsidiary of the Group on even date.

The disposal does not have any material effect on the earnings and net assets of the Group for the year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

19.4 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2022	**MJCC RM'000**	**SUSB RM'000**	**SHAC RM'000**	**Other subsidiaries with immaterial NCI RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	30%	40%	50%		
Carrying amount of NCI	21,261	13,492	218,250	21,841	274,844
Profit allocated to NCI	3,180	1,447	1,435	810	6,872
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	14,293	73,444	49,373		
Current assets	66,350	4,903	579,799		
Non-current liabilities	(4,323)	(41,918)	(10,619)		
Current liabilities	(5,451)	(2,699)	(182,053)		
Net assets	70,869	33,730	436,500		
Year ended 31 December					
Revenue	10,026	1,405	2,246		
Profit for the year	10,600	3,619	2,869		
Other comprehensive income	-	-	526		
Total comprehensive income	10,600	3,619	3,395		
Dividends paid to NCI	-	9,400	-		
Net cash flows from/(used in) operating activities	8,595	9,637	(20,337)		
Net cash flows (used in)/from investing activities	(43)	725	45,826		
Net cash flows used in financing activities	(306)	(10,615)	(21,058)		

19. INVESTMENTS IN SUBSIDIARIES (cont'd)

19.4 Non-controlling interests in subsidiaries (cont'd)

2021 (Restated)	MJCC RM'000	SUSB RM'000	SHAC RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	30%	40%	-		
Carrying amount of NCI	18,080	21,444	-	(1,436)	38,088
Profit/(Loss) allocated to NCI	593	1,186	-	(206)	1,573
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	27,750	83,595	-		
Current assets	52,419	5,446	-		
Non-current liabilities	(5,520)	(28,790)	-		
Current liabilities	(14,381)	(6,642)	-		
Net assets	60,268	53,609	-		
Year ended 31 December					
Revenue	11,045	1,425	-		
Profit for the year	1,978	2,965	-		
Total comprehensive income	1,978	2,965	-		
Dividends paid to NCI	4,500	1,200	-		
Net cash flows from operating activities	7,295	8,614	-		
Net cash flows (used in)/from investing activities	(60)	151	-		
Net cash flows used in financing activities	(15,301)	(10,441)	-		

20. INVESTMENTS IN ASSOCIATES

	Group 2022 RM'000	Group 2021 RM'000
At cost:		
Unquoted shares	17,089	16,849
Share of post-acquisition reserves	5,523	606
	22,612	17,455

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

20. INVESTMENTS IN ASSOCIATES (cont'd)

Name of associates	Country of incorporation	Principal activities	Effective equity interest 2022 %	Effective equity interest 2021 %
Held by MCB:				
Musyati Mudajaya JV Sdn. Bhd. ("MMJV")	Malaysia	Construction and upgrading of The Pan Borneo Highway in the State of Sarawak	30	30
Kendiri Emas Mudajaya Sdn. Bhd. ("KEM")	Malaysia	Development of public works department, Sarawak projects in the state of Sarawak	30	30
Held through MPISB:				
PT Harmoni Energy Indonesia ("PT Harmoni")	Indonesia	Power producer	46	46

Summarised financial information

The summarised financial information in respect of the Group's material associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2022		2021	
	PT Harmoni RM'000	MMJV RM'000	PT Harmoni RM'000	MMJV RM'000
Summarised statement of financial position				
Current assets	24,842	242,211	18,419	276,522
Non-current assets	108,851	-	118,196	7
Total assets	133,693	242,211	136,615	276,529
Current liabilities	(66,540)	(216,493)	(123,049)	(253,091)
Non-current liabilities	(47,484)	-	(2,344)	-
Total liabilities	(114,024)	(216,493)	(125,393)	(253,091)
Summarised statement of comprehensive income				
Profit for the year	9,487	2,280	12,966	5,985

20. INVESTMENTS IN ASSOCIATES (cont'd)

The reconciliation of summarised financial information presented above to the carrying amount of the Group's interest in material associates as follows:

	2022		2021	
	PT Harmoni RM'000	MMJV RM'000	PT Harmoni RM'000	MMJV RM'000
Net assets/(liabilities) as at 1 January	11,222	23,438	(1,867)	17,453
Reclassified to other investment	-	-	-	-
Exchange rate movement	(1,040)	-	123	-
Profit for the year	9,487	2,280	12,966	5,985
	19,669	25,718	11,222	23,438
Interest in associate	46%	30%	46%	30%
Group's share of net assets	9,048	7,715	5,162	7,031

	PT Harmoni RM'000	MMJV RM'000	KEM RM'000	Total RM'000
2022				
Reconciliation of net assets carrying amount				
Group's share of net assets	9,048	7,715	213	16,976
Goodwill	7,783	-	-	7,783
Exchange rate movement	(344)	-	-	(344)
Impairment loss	(1,803)	-	-	(1,803)
Carrying amount in the statement of financial position	14,684	7,715	213	22,612
2021				
Reconciliation of net assets carrying amount				
Group's share of net assets	5,162	7,031	-	12,193
Goodwill	7,783	-	-	7,783
Exchange rate movement	(718)	-	-	(718)
Impairment loss	(1,803)	-	-	(1,803)
Carrying amount in the statement of financial position	10,424	7,031	-	17,455

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21. OTHER INVESTMENTS

		Group	
		2022	2021
	Note	RM'000	RM'000
Non-current			
Fair value through profit or loss			
- Unquoted shares	(a)	27,500	21,000
- Club memberships		936	936
		28,436	21,936

(a) RKM has a 4x360MW Coal-Fired Independent Power Producer Project with a project cost amounting to INR127.06 billion (equivalent to RM7.29 billion translated at closing exchange rate of INR18.0968: RM1.00 as at 31 December 2020) in the state of Chhattisgarh, India.

The shareholders agreement dated 8 February 2007 between MCB and RK Powergen Private Limited ("RKP"), a company incorporated in India, provides for the subscription of shares in RKM to the extent of 26% and 74% by MCB and RKP respectively. The Group's equity stake in RKM was reduced from 26% to 19.24% following the completion of the Master Debt Restructuring Agreement on 4 December 2020 by RKM and its lenders. The carrying amount of the investment in RKM had been impaired to nil in 2019 and 2020.

In previous year, the Group reassessed the investment in RKM and concluded that they no longer have any significant influence over the investment in RKM and ceased equity accounting for the associate.

Accordingly, the investment in RKM was redesignated to other investment measured at fair value through profit or loss in previous year.

Fair value of investment in RKM

The fair value of investment in RKM is determined by external valuers, having appropriate recognised professional qualifications. The fair value was measured based on income approach with significant unobservable inputs and categorised as Level 3 fair value. Changes in Level 3 fair values are analysed by the management every financial year after obtaining valuation report from the external valuers.

RKM has a 4x360MW Coal-Fired Independent Power plant in Chhattisgarh, India. The financial model was projected for 27 (2021:23) years based on the key assumptions as follows:

- existing long-term power purchase agreements with tariff rate at Rs 4.71/kwh (2021: Rs 4.71/kwh) with the ability to extend after the end of the signed power purchase agreements;
- existing medium term power purchase agreement with tariff rate at Rs 5.75/kwh (2021: Rs 3.80/kwh to Rs 4.20/kwh) with the ability to extend after the end of the signed power purchase agreement;
- a certain portion of the excess capacity of power energy can be sold via Indian Energy Exchange at Rs 5.21/kwh (2021: Rs 3.34/kwh);
- coal price is estimated at the range of Rs 2,768/MT to Rs 3,081/MT (2021: Rs 2,240/MT to Rs 2,553/MT);
- a post-tax discount rate of 26% (2021: 15%) was applied.

21. OTHER INVESTMENTS (cont'd)

(a) **(cont'd)**

The above estimates are particularly sensitive in the following areas:

- An increase of 1% in the discount rate used would have decrease the fair value by RM1,603,000 (2021: RM1,811,000).
- A decrease of 1% in future planned revenue would have decrease the fair value by RM12,516,000 (2021: RM14,118,000).

22. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022	**2021**
	RM'000	**RM'000**
At beginning of year	(9,582)	(8,059)
Restatement of comparatives (Note 37)	(6,801)	(5,370)
At beginning of year (restated)	(16,383)	(13,429)
Recognised in profit or loss (Note 11):		
Property, plant and equipment	3,544	68
Service concession assets	37,503	(6,475)
Investment properties	(32)	157
Right-of-use assets	7,736	768
Unabsorbed capital allowances	(38,729)	3,060
Lease liabilities	(8,492)	(450)
Others	(1,755)	(82)
	(225)	(2,954)
Effect of movement in exchange rates	506	-
Acquisition of subsidiaries	(17,384)	-
	(33,486)	(16,383)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's and the Company's accounting policy. The following is the analysis of the deferred tax balances (after offset) for statements of financial position purposes:

		Group	
	31.12.2022	**31.12.2021**	**1.1.2021**
	RM'000	**RM'000**	**RM'000**
		Restated	**Restated**
Deferred tax assets	1,925	2,066	2,066
Deferred tax liabilities	(35,411)	(18,449)	(15,495)
	(33,486)	(16,383)	(13,429)

22. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	Group		
	31.12.2022 RM'000	**31.12.2021 RM'000 Restated**	**1.1.2021 RM'000 Restated**
Deferred tax assets			
Temporary differences arising from:			
Unabsorbed capital allowances	-	38,729	35,669
Lease liabilities	2,020	10,512	10,962
Others	2,564	4,319	4,401
	4,584	53,560	51,032
Offsetting	(4,584)	(53,560)	(51,032)
Deferred tax assets (after offsetting)	-	-	-
Deferred tax liabilities			
Temporary differences arising from:			
Property, plant and equipment	1,806	(1,738)	(1,806)
Service concession assets	(18,774)	(56,277)	(49,802)
Investment properties	(2,507)	(2,475)	(2,632)
Right-of-use assets	(1,717)	(9,453)	(10,221)
	(21,192)	(69,943)	(64,461)
Offsetting	4,584	53,560	51,032
Effect of movement in exchange rates	506	-	-
Acquisition of subsidiaries	(17,384)	-	-
Deferred tax liabilities (after offsetting)	(33,486)	(16,383)	(13,429)

Unrecognised deferred tax assets

As mentioned in Note 3, the tax effects of deductible temporary differences, unutilised tax losses and unabsorbed capital allowances, which would give rise to deferred tax assets are generally recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised.

22. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Unrecognised deferred tax assets (cont'd)

The amount of deductible temporary differences, unutilised tax losses and unabsorbed investment tax allowances for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Unutilised tax losses	132,455	115,697
Unabsorbed capital allowances	180,898	153,287
Unabsorbed investment tax allowances	262,876	262,876
Other temporary differences	(252,750)	(217,043)
	323,479	314,817

Pursuant to guidelines issued by the Malaysian tax authorities in 2018, the Ministry of Finance ("MOF") has allowed companies to carry forward their unabsorbed capital allowance indefinitely until it is fully absorbed. With effect from year of assessment 2019, any utilised business losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment. This can be utilised against income from the same business source for unabsorbed capital allowances and utilised against income from any business source for unutilised losses.

The Malaysia Finance Bill 2021 gazetted on 31 December 2021 stated that the time frame to carry forward unutilised tax losses for year of assessment 2019 and subsequent years of assessment be extended from 7 to 10 consecutive years of assessment. Unutilised tax losses accumulated up to year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until year of assessment 2028.

The unutilised tax losses will expire in the following year of assessment:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Year of assessment:		
2029	108,628	108,628
2030	5,306	5,306
2031	221	221
2032	1,542	1,542
2033	16,758	-
	132,455	115,697

Any amounts not utilised upon expiry period of the above year of assessment will be disregarded.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

23. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2022	2021
	RM'000	RM'000
		Restated
At beginning of year	24,493	24,481
Add: Additions	107	12
Less: Transferred to inventories	(13,479)	-
At end of year	11,121	24,493
At cost		
Long term leasehold land	7,277	11,921
Development costs	3,844	12,572
	11,121	24,493

The leasehold land cost comprises land premium, alienation cost and annual rent. The leasehold land was registered under a third party and was being developed by a subsidiary pursuant to the Development Agreement and a Supplemental Agreement entered into between the subsidiary and the said third party on 22 July 1996 and 23 July 1996 respectively. The Development Agreement and Supplemental Agreement provide inter alia for the payment in kind in return for the land contributed by the third party.

24. INVENTORIES

	Group	
	2022	2021
	RM'000	RM'000
		Restated
At cost:		
- Properties held for sale	17,394	40,224
- Properties under development	13,479	-
- Raw materials	1,830	603
- Work in progress	306	1,013
- Finished goods	20,781	6,205
- Spare parts	3,630	435
	57,420	48,480
At net realisable value:		
- Properties held for sale	53,215	39,724
	110,635	88,204

24. INVENTORIES (cont'd)

	Group 2022 RM'000	Group 2021 RM'000 Restated
Recognised in profit or loss:		
Inventories recognised as cost of sales		
Cost of inventories sold		
- Properties held for sale	485	19,212
- Raw materials	80,092	48,902
	80,577	68,114
Inventories written down to net realisable value	587	1,509
Included in the properties under development costs are as follows:		
- Long term leasehold land	4,644	-
- Development costs	8,835	-
	13,479	-

Certain properties with carrying amount of RM45,099,000 (2021: RM47,963,000) held for sales are pledged to secure the Group's secured revolving credits (Note 32(e)).

25. OTHER CURRENT ASSETS

	Note	Group 2022 RM'000	Group 2021 RM'000
Contra properties	(i)	154,920	152,361
Properties held for sale			
- Acquisition of subsidiaries		1,274	-
- Effect of movement in exchange rates		(49)	-
		156,145	152,361

(i) In 2013, a subsidiary, MCB entered into a Compromise and Settlement Agreement with one of its debtors whereby the amount due from the debtor was settled via transfer of properties ("contra properties") to MCB. The contra properties comprise service apartments, office suites, retail units and parking lots in Kuala Lumpur, Malaysia.

On 6 April 2016, MCB entered into Final Settlement Agreement with the debtor and both parties agreed that MCB shall complete the balance of work in the project on its own cost. The project was completed in financial year 2017.

The Group has not obtained vacant possession of the contra properties. A civil suit has been taken by MCB against the debtor to seek, amongst others, an order of specific performance to deliver vacant possession of the contra properties. Based on the legal advise, the Group has a reasonably good chance of successfully obtaining the order for specific performance of the sale and purchase agreements for the delivery of vacant possession of the units. As at 31 December 2022, these contra properties have a carrying amount of RM152,361,000 (2021: RM152,361,000).

25. OTHER CURRENT ASSETS (cont'd)

Certain contra properties were pledged to secure the Group's secured term loan (Note 32 (a)(viii)) and revolving credits (Note 32(e)).

26. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022	2021
	RM'000	RM'000
Contract assets	65,610	19,282
Contract liabilities	(6,248)	(20,486)

	Group	
	2022	2021
	RM'000	RM'000
At beginning of year	(1,204)	47,717
Acquisition of subsidiaries	(4,801)	-
Revenue recognised	218,190	184,823
Progress billings	(152,114)	(233,744)
Effect of movement in exchange rates	(709)	-
At end of year	59,362	(1,204)

27. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Deposits paid	(a)	17,554	-	-	-
Current					
Trade					
Trade and bills receivables from contracts with customers	(b)	248,081	39,872	-	-
Other trade receivables		1,089	917	-	-
		249,170	40,789	-	-
Less: Impairment loss		(8,227)	(5,569)	-	-
		240,943	35,220	-	-
Retention sums	(c)	56,339	53,005	-	-
Total trade receivables		297,282	88,225	-	-

27. TRADE AND OTHER RECEIVABLES (cont'd)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-trade					
Other receivables		369,820	12,901	66	28
Less: Impairment loss		(15,798)	(4,965)	-	-
		354,022	7,936	66	28
Amount due from subsidiaries	(d)	-	-	358,522	228,106
Less: Impairment loss		-	-	(36,684)	(33,799)
		-	-	321,838	194,307
Amount due from associates	(e)	26,680	30,942	-	-
Less: Impairment loss		(15,491)	(15,491)	-	-
		11,189	15,451	-	-
Deposits		6,078	7,195	2	2
Prepayments		5,351	568	24	24
Advance payments	(f)	9,801	1,378	-	-
Goods and Service Tax		-	6	-	-
		386,441	32,534	321,930	194,361
		683,723	120,759	321,930	194,361

(a) Deposits

Included in the deposits is an amount of RM14,953,000 made for the purchases of certain equipment and machineries. The equipment and machineries under the purchase agreements were for future use in the development of new cement production facilities at Bailonggang, Pudong, Shanghai.

(b) Trade and bills receivables

The Group's normal trade credit terms ranges from 30 to 365 days (2021: 30 to 90 days) terms.

27. TRADE AND OTHER RECEIVABLES (cont'd)

(c) Retention sums

Retention sums are due upon the expiry of the defect liability period stated in the respective construction contracts. The defect liability periods range from 12 to 24 months. Retention sums are expected to be collected as follows:

	Group	
	2022	2021
	RM'000	RM'000
Within 1 year	23,253	22,306
More than 1 year	33,086	30,699
	56,339	53,005

(d) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(e) Amount due from associates

Included in the amount due from associates are advances amounting to RM11,428,000 (2021: RM14,198,000) extended to PT Harmoni and are subjected to interest at 6.5% (2021: 12%) per annum. The remaining balance is non-interest bearing. The amount due from associates are unsecured and repayable on demand.

(f) Advance payments

These are mainly contractual advance payments to subcontractors for construction works and suppliers for the purchases of materials.

28. LOAN RECEIVABLES

		Group	
		2022	2021
	Note	RM'000	RM'000
Reverse repurchase agreement	(a)	9,502	-
Other loan receivables		40,302	-
Less: Impairment losses	(b)	(20,674)	-
		29,130	-

(a) During the year, the Group, as the reverse repurchase agreement party, entered into pledge-style bond repurchase agreement transactions that were denominated in RMB with the aggregate principal amount of RMB3,017,504,000 (2021: Nil) through the Shanghai Stock Exchange with maturity periods from 1 day to 28 days (2021: Nil) and carried interest ranging from 1.47% to 4.70% (2021: Nil) per annum. Such reverse repurchase agreements are classified as financial assets at amortised cost. The reverse repurchase agreements with aggregate principal amount of RMB3,174,806,000 (2021:Nil) had matured and been redeemed during the year.

(b) As at 31 December 2022, included in the allowance for impairment losses are individually impaired other loan receivable to third party with an aggregate balance of RM19,916,000 which included amounts in dispute with receivables or amounts have been placed under liquidation and in severe financial difficulties. The remaining other loan receivables carrying interest at a fixed rate of 4.35% per annum. The Group does not hold any collateral over these balances.

29. DERIVATIVES FINANCIAL ASSETS/(LIABILITIES)

Group	2022 Nominal value RM'000	2022 Assets RM'000	2021 Nominal value RM'000	2021 Assets RM'000
Derivative at fair value through profit or loss				
Cross currency interest rate swap	-	-	40,490	1,197

The cross currency interest rate swap is entered into by the Group to manage the foreign currency and interest rate exposures arising from the Group's term loan denominated in currencies other than the functional currency of the Group entities.

30. CASH AND BANK BALANCES

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Cash and bank balances	131,651	45,023	151	3,481
Deposits with financial institutions	99,643	101,703	-	-
	231,294	146,726	151	3,481

Financial institutions include licensed investment banks and asset management companies.

Cash at banks and deposits with financial institutions earned interest at floating rates based on daily deposit rates that cater for immediate cash requirements of the Group and the Company. Deposits placed with licensed investment banks and asset management companies are in the form of fixed deposits and units placed in money market funds. These deposits are on call and/or repo basis and bear interest at rates ranging from 1.84% to 2.50% (2021: 1.05% to 3.29%) per annum during the financial year.

Included in cash and bank balances of the Group was Designated Collection Accounts and Finance Service Reserve Account of RM1,125,000 (2021: RM1,678,000) charged for the term loans (Note 32(a)(ii) and Note 32(a)(iii)).

Included in the deposits with a financial institution was RM41,731,000 charged for the secured term loan (Note 32(a)(viii)) in the previous financial year.

Included in bank balances and deposits with financial institutions are deposits for the Group Disbursement Accounts held for the Green Sustainable and Responsible Investment ("SRI") Sukuk Wakalah which are restricted from use for other operations amounting to RM13,000 (2021: RM10,000) and RM38,111,000 (2021: RM46,206,000) respectively (Note 32(c)).

Included in the deposits with a financial institution is RM23,676,000 (2021: Nil) charged to secure for short-term bank facilities in respect of the issuance of bills payable (Note 33).

31. CAPITAL RESERVES

(a) Share capital

Group and Company	Number of shares 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
Ordinary shares, issued and fully paid:				
At beginning of year	1,297,724	502,054	648,862	397,730
Issue for cash	-	-	648,862	142,750
Exercise of warrants	578,023	127,165	-	-
	1,875,747	629,219	1,297,724	540,480
Allocated to warrant reserves	-	-	-	(38,426)
Transferred from warrant reserve to share capital	-	34,231	-	-
At end of year	1,875,747	663,450	1,297,724	502,054

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

In previous financial year, the Company raised total proceeds of RM142,749,677 by issuance Rights Issue with Warrants exercise with 648,862,166 Rights Shares issued at RM0.22 per share, together with 648,862,166 free warrants on the basis of 1 Warrant for every 1 Right Share. The total proceeds of RM142,749,677 were allocated between ordinary shares and warrants based on the fair value of the two instruments on a prorate basis.

On 31 October 2022, the Company increased its issued and paid up ordinary share capital from RM502,054,000 comprising 1,297,724,000 ordinary shares to RM663,450,000 comprising 1,875,747,000 ordinary shares by way of issuance of 578,023,067 ordinary shares pursuant to the exercise of warrants.

The new ordinary shares issued rank pari passu with the then existing ordinary shares of the Company.

(b) Warrant reserve

In previous financial year, the Company allotted and issued 648,862,166 free warrants in conjunction with the abovementioned Rights Issue. The warrants are valid for exercise for a period of 2 years from its issue date and will expire on 3 October 2023. During this period, each warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 4 October 2021 to 3 October 2023, at an exercise price of RM0.22 per Warrant in accordance with the Deed Poll dated 29 June 2021. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

During the financial year, 578,023,067 warrants were exercised at the exercise price of RM0.22 each. As at 31 December 2022, the total numbers of warrants that remained unexercised were 70,839,099.

31. CAPITAL RESERVES (cont'd)

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Employees' share option reserve

Employees' share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity settled share options and is reduced by the expiry or exercise of the share options.

The employees' share option scheme of the Company ("Mudajaya ESOS") became effective on 30 September 2011.

Pursuant to the Mudajaya ESOS, the following share options were granted by the Company to eligible employees, including executive directors of the Group:

- On 3 October 2011, a total of 21,051,700 share options were granted at a subscription price of RM1.90 per share;
- On 16 July 2012, a total of 4,103,500 share options were granted at a subscription price of RM2.73 per share;
- On 3 October 2012, a total of 826,700 share options were granted at a subscription price of RM2.70 per share;
- On 2 May 2013, a total of 2,195,000 share options were granted at a subscription price of RM2.44 per share;
- On 3 October 2013, a total of 3,205,000 share options were granted at a subscription price of RM2.75 per share;
- On 18 February 2014, a total of 630,600 share options were granted at a subscription price of RM2.65 per share;
- On 15 July 2016, a total of 16,100,000 share options were granted at a subscription price of RM1.15 per share; and
- On 30 October 2017, a total of 600,000 share options were granted at a subscription price of RM1.15 per share.

The salient features of the Mudajaya ESOS were as follows:

(i) The original scheme was in force for a period of 5 years from 30 September 2011, being the date of implementation and on 1 August 2016, the Board had approved to extend the share options for a further period of 5 years which expired on 28 September 2021;

(ii) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company, such that not more than 50% of the shares available under the ESOS is allocated, in aggregate, to directors and senior management;

(iii) Not more than 10% of the shares available under the ESOS was allocated to any individual director or employee who, either individually or collectively through his/her associates, holds 20% or more in the issued and paid-up capital of the Company;

(iv) An executive director of the Group or an employee of the Group who is employed full time (at least one year of continuous service prior to and up to the Date of Offer) and is on the payroll of the Group, but does not include employees under probation, are eligible to participate in the scheme, subject to the final decision of the Board;

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. CAPITAL RESERVES (cont'd)

(d) Employees' share option reserve (cont'd)

(v) The option price under the ESOS was the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad, for the five market days preceding the offer date, or RM0.20, whichever is the higher; and

(vi) Options granted under the ESOS carry no dividend nor voting rights. Upon exercise of the options, shares issued rank pari passu in all respects with existing ordinary shares of the Company.

	Number of options						
	At 1.1.2021	Granted	Rejected	Expired	Exercised	At 31.12.2021	Exercisable 31.12.2021
Group and Company	'000	'000	'000	'000	'000	'000	'000
2021							
Grant date							
3 October 2011	2,808	-	-	(2,808)	-	-	-
16 July 2012	415	-	-	(415)	-	-	-
3 October 2012	63	-	-	(63)	-	-	-
2 May 2013	1,360	-	-	(1,360)	-	-	-
3 October 2013	546	-	-	(546)	-	-	-
18 February 2014	631	-	-	(631)	-	-	-
15 July 2016	14,200	-	-	(14,200)	-	-	-
	20,023	-	-	(20,023)	-	-	-
Weighted average exercise price (RM)	1.15	-	-	-	-	-	-

The ESOS expired on 29 September 2021. All unexercised share options automatically lapsed upon expiry of the ESOS and the outstanding ESOS reserve balances was transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

31. CAPITAL RESERVES (cont'd)

(d) Employees' share option reserve (cont'd)

Fair value of share options granted

The fair value of the share options granted under ESOS was estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models:

	Grant date							
Group and Company	**30.10.2017**	**15.7.2016**	**18.2.2014**	**3.10.2013**	**2.5.2013**	**3.10.2012**	**16.7.2012**	**3.10.2011**
Fair value of share options and assumptions								
Fair value at grant date	0.32	0.32	0.58	0.77	0.74	0.89	0.95	1.13
Dividend yield (%)	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Expected volatility (%)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
Risk-free interest rate (% p.a.)	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
Expected life of option (years)	5	5	5	5	5	5	5	5
Weighted average share price (RM)	1.22	1.22	2.74	2.77	2.77	2.81	2.81	-

The expected life of the options was based on historical data and was not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

The Group recognised an ESOS expense of RMNil (2021: RM92,000) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

32. LOANS AND BORROWINGS

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Non-current					
Unsecured:					
Term loans	(a)	-	83,461	-	83,461
Other borrowings	(b)	195,860	-	-	-
		195,860	83,461	-	83,461
Secured:					
Term loans	(a)	51,737	7,476	-	-
Green SRI Sukuk Wakalah	(c)	197,628	215,000	-	-
Other borrowings	(b)	28,277	-	-	-
		277,642	222,476	-	-
		473,502	305,937	-	83,461
Current					
Unsecured:					
Bankers' acceptance	(d)	4,414	4,866	-	-
Term loans	(a)	118,312	46,000	88,312	-
Revolving credits	(e)	4,000	4,000	-	-
Advance from a shareholder	(f)	-	15,500	-	15,500
		126,726	70,366	88,312	15,500
Secured:					
Term loans	(a)	7,876	47,912	-	-
Green SRI Sukuk Wakalah	(c)	15,000	15,000	-	-
Revolving credits	(e)	61,514	41,528	-	-
Other borrowings	(b)	45,243	-	-	-
		129,633	104,440	-	-
		256,359	174,806	88,312	15,500
		729,861	480,743	88,312	98,961

32. LOANS AND BORROWINGS (cont'd)

The maturities of the loans and borrowings are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one year	256,359	174,806	88,312	15,500
More than 1 year and less than 2 years	246,910	103,149	-	83,461
2 to 5 years	68,557	45,467	-	-
5 years and above	158,035	157,321	-	-
	729,861	480,743	88,312	98,961

(a) Term loans

The term loans of the Group and the Company mainly comprise the following:

(i) A term loan of USD20,000,000 (equivalent to RM88,312,000) which bears interest rate of 7.50% per annum (2021: 7.50% - 7.88% per annum) and is unsecured.

(ii) Two term loans of RM50,000,000 and RM7,600,000 which bear interest rate of 2.00% per annum above the bank's cost of funds ("COF") and the bank's cost of maintaining statutory and liquidity reserves (if any).

Both term loans were secured by the following:

- charge over cash deposits into Designated Collection Account ("DCA") and Finance Service Reserve Account ("FSRA") (Note 30);
- assignment of contract proceeds;
- assignment of all rights, interest and benefit under the all risk insurance policy and/or warranty by supplier/manufacturer of equipment relating to the Group's photovoltaic power plant (Note 18);
- letter of undertaking from MCB to replenish FSRA; and
- corporate guarantee by MCB.

The term loans are fully repaid during the financial year.

(iii) A term loan of RM45,000,000 which bears interest rate of 1.75% (2021: Nil) per annum above the bank's COF and the bank's cost of maintaining statutory and liquidity reserves (if any).

The term loan is secured by the following:

- charge over cash deposits into DCA and FSRA (Note 30);
- assignment of contract proceeds;
- assignment of all rights, interest and benefit under the all risk insurance policy and/or warranty by supplier/manufacturer of equipment relating to the Group's photovoltaic power plant (Note 18);
- letter of undertaking from MGB to replenish FSRA; and
- corporate guarantee by MGB.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

32. LOANS AND BORROWINGS (cont'd)

(a) Term loans (cont'd)

(iv) A term loan of RM3,600,000 which bears interest rate of 2.0% (2021: 2.0%) per annum below the bank lending rate ("BLR"). The term loan is secured by a charge over 8 units of commercial shoplots (Note 14 and Note 16) and 8 units of residential units (Note 14) of the Group.

(v) A term loan of RM46,000,000 which bears interest rate of 7.0% (2021: 7.0%) per annum. The term loan was unsecured and repayable not later than 6 months from the date of agreement. The term loan is fully repaid during the financial year.

(vi) A term loan of RM32,000,000 which bears profit at rate of 2.25% (2021: Nil) per annum above the bank's effective costs of funds.

The term loan is secured by the following:

- first legal charge over certain investment property of the Group (Note 16);
- assignment of rental over the property together with irrevocable instruction to remit the rental proceeds into the Designated Account;
- charge over Designated Account; and
- corporate guarantee by MGB.

(vii) A term loan of RM30,000,000 which bears interest rate of 5% per annum (2021: Nil). The term loan is unsecured and repayable on first anniversary of the date of agreement.

(viii) A term loan of USD10,000,000 which bears interest of 2.25% per annum over London Inter Bank Offer Rate. The term loan was secured by a charge over certain contra properties of the Group (Note 25) and certain deposits with financial institution of the Group (Note 30) in previous financial year. The loan is fully repaid during the financial year.

Other information on financial risk of borrowings is disclosed in Note 36.

(b) Other borrowings

The other borrowings of the Group mainly comprise the following:

(i) Two unsecured third-party borrowing of HKD216,980,000 (equivalent to RM111,030,000) and HKD150,000,000 (equivalent to RM84,830,000) which bear interest rate of 5% per annum (2021: Nil).

(ii) Third-party borrowings of HKD130,000,000 (equivalent to RM73,520,000) which are secured, bear interests at fixed rates and are repayable within 2 years as at the reporting date. The effective interest rate of the borrowings is at 5.83% (2021: Nil) per annum.

The borrowings are secured by share mortgages and several debentures that created first fixed and floating charges over the undertaking, property and assets of the Group in favour of the lenders.

(c) Green SRI Sukuk Wakalah

On 30 January 2018, SKSB issued RM245 million Green SRI Sukuk Wakalah under the Shariah Principle of Wakalah Bi Al-Istithmar which bears profit at rates ranging from 4.96% to 6.35% per annum and was based on the Securities Commission's Sustainable and Responsible Investment ("SRI") Sukuk Framework ("Green SRI SUKUK WAKALAH").

32. LOANS AND BORROWINGS (cont'd)

(c) Green SRI Sukuk Wakalah (cont'd)

The borrowing is secured by the following:

(a) a first ranking charge pursuant to the National Land Code, 1965 ("NLC") over the Photovoltaic ("PV") Site Lease ("Charge over PV Site Lease") (Note 18);

(b) a first ranking charge pursuant to the NLC over the Koperasi NLFCS Berhad ("NLFCS") SPA Land A ("Charge over NLFCS SPA Land A") (Note 18);

(c) a first ranking charge pursuant to the NLC over the NLFCS Lease ("Charge over NLFCS Lease") (Note 18);

(d) a first ranking debenture comprising fixed and floating charges over all present and future assets of SKSB (Note 18);

(e) a first ranking legal and absolute assignment ("Deed of Assignment") of all the rights, titles, interests and benefits under the following and proceeds (Note 30) therefrom:

(i) the Project Agreements (save and except for the Perak State Agricultural Development Corporation ("SADC") Lease Agreement);

(ii) all performance and/or maintenance bonds in respect of the Project and all other guarantees, advance payment bonds and other forms of payment or performance security issued in favour of the Issuer pursuant to any Project Agreements; and

(iii) all permits and licences required to undertake the Project (to the extent that such permits and licences are assignable).

(d) Bankers' acceptance

The bankers' acceptance was drawn down to finance trade purchases and bears interest at rates ranging from 3.22% to 3.82% (2021: 3.30% to 3.34%) per annum.

(e) Revolving credits

Both unsecured and secured revolving credit facilities were drawn down for working capital requirements. The revolving credits which were rolled-over on a monthly basis bear interest at rates ranging from 4.57% to 6.40% (2021: 3.75% to 4.16%) per annum. The interest rates are fixed at the date of each drawdown and might be revised at the commencement of each roll-over period.

The secured revolving credits are secured by a charge over freehold lands of the Group (Note 14), certain buildings of the Group (Note 14), certain investment properties of the Group (Note 16), certain properties held for sale of the Group (Note 24) and certain contra properties of the Group (Note 25).

(f) Advance from shareholder

The Group's advance from a shareholder was unsecured and bears interest of 5.0% per annum (2021: 5.0%).

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32. LOANS AND BORROWINGS (cont'd)

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
At beginning of year	480,743	844,905	98,961	80,632
Acquisition of subsidiaries	78,312	-	-	-
Cash flows:				
Drawdown of loans and borrowings	97,423	61,500	-	15,500
Repayment of principal portion of loans and borrowings	(122,536)	(432,733)	(15,500)	-
Non-cash changes:				
Other changes (i)	195,919	7,071	4,851	2,829
At end of year	729,861	480,743	88,312	98,961

(i) Other changes include vendor financing for acquisition of subsidiaries, reclassification of amount owing to former holding company and effect of movement in exchange rates.

33. TRADE AND OTHER PAYABLES

		Group		Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
Trade					
Trade and bills payables	(a)	198,027	119,714	-	-
Non-trade					
Deposits		1,086	2,864	-	-
Accruals		42,446	13,473	6,591	3,514
Other payables	(b)	132,971	10,726	93	192
Deposit liabilities	(c)	1,289	1,643	-	-
Amount due to related parties	(d)	4,035	-	-	-
		181,827	28,706	6,684	3,706
		379,854	148,420	6,684	3,706

33. TRADE AND OTHER PAYABLES (cont'd)

(a) Trade and bills payables

Trade and bills payable are non-interest bearing. The normal trade credit terms granted to the Group are ranging from 7 to 120 days (2021: 7 to 90 days) and the bills payables credit terms granted to the Group are ranging from 180 days to 365 days (2021: Nil). Bills payables are secured by a charge over buildings of the Group (Note 14), certain right-of-use assets on land use rights (Note 15) and certain deposits with a financial institution (Note 30).

(b) Other payables

Included in other payables amounted to HKD129,873,000 (equivalent to RM73,447,000) are amount owing to the suppliers on behalf of the customers. The group acts as an agent for the sale of certain construction materials.

(c) Deposit liabilities

Deposit liabilities represent cash deposits received from customers.

(d) Amount due to related parties

The amount due to related parties are unsecured, interest-free and are repayable on demand.

The related parties represent the non-controlling shareholders of the Group's subsidiary.

34. LEASE LIABILITIES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At beginning of year	43,798	46,260	-	108
Acquisition of subsidiaries	1,635	-	-	-
Additions	658	53	-	-
Finance costs	2,371	2,412	-	2
Payments of leases	(3,865)	(4,156)	-	(110)
Termination	(8)	(771)	-	-
Effect of movement in exchange rates	(66)	-	-	-
At end of year	44,523	43,798	-	-

The minimum lease payments for the lease liabilities are payable as follows:

Group 2022	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Current liabilities:			
- Within one year	5,010	2,355	2,655
Non-current liabilities:			
- More than 1 year and within 2 years	4,353	2,228	2,125
- More than 2 years and within 5 years	11,725	6,138	5,587
- More than 5 years	46,949	12,793	34,156
	63,027	21,159	41,868
	68,037	23,514	44,523

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

34. LEASE LIABILITIES (cont'd)

The minimum lease payments for the lease liabilities are payable as follows: (cont'd)

Group	**Future minimum lease payments**	**Interest**	**Present value of minimum lease payments**
2021	**RM'000**	**RM'000**	**RM'000**
Current liabilities:			
- Within one year	3,571	2,346	1,225
Non-current liabilities:			
- More than 1 year and within 2 years	3,690	2,283	1,407
- More than 2 years and within 5 years	11,416	6,395	5,021
- More than 5 years	50,892	14,747	36,145
	65,998	23,425	42,573
	69,569	25,771	43,798

The Group discounted the lease liabilities by using the Group's incremental borrowings rates, which ranges from 3.00% to 5.68% (2021: 3.75% to 5.68%).

Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	Group		**Company**	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
At beginning of year	43,798	46,260	-	108
Acquisition of subsidiaries	1,635	-	-	-
Payment of lease liabilities	(1,494)	(1,744)	-	(108)
<u>Non-cash changes</u>				
Other changes (i)	584	(718)	-	-
At end of year	44,523	43,798	-	-

(i) Other changes include additions, termination of leases and effect of movement in exchange rates.

35. RELATED PARTY TRANSACTIONS

Identities of related parties

For the purposes of financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provide key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its subsidiaries, associates and key management personnel.

Significant related party transactions

The related party transactions of the Group and the Company, other than key management personnel compensation (see Note 10), are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Shareholder				
Advances from shareholder	-	15,500	-	15,500
Subsidiaries				
Corporate guarantee fee	-	-	1,071	2,329
Funding income	-	-	7,216	6,355
Rental expense	-	-	77	77
Advances to subsidiaries	-	-	(116,262)	(105,650)
Associates				
Interest income	850	1,990	-	-
Secondment fee	499	378	-	-
Project management fee	316	316	-	-
Corporate guarantee fee	299	299	-	-
Advances to associates	4,734	3,379	-	-

These transactions have been entered into a negotiated term basis.

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(CONTINUED)

36. FINANCIAL INSTRUMENTS

Capital Risk Management

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

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions or expansion plans of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting dividend payment policies.

There are no externally imposed capital requirements.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement and the bases for recognition of income and expenses), for each class of financial instrument are disclosed in Note 3.

Categories of financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000 Restated	2022 RM'000	2021 RM'000
Financial assets				
Amortised cost:				
Trade and other receivables	668,571	118,807	321,906	194,337
Cash and bank balances	193,300	100,520	151	3,481
Service concession assets	290,919	300,484	-	-
Loan receivables	29,130	-	-	-
Fair value through profit or loss:				
Other investments	28,436	21,936	-	-
Derivative financial assets	-	1,197	-	-
Cash and bank balances	37,994	46,206	-	-
Financial liabilities				
Amortised cost:				
Trade and other payables	379,854	148,420	6,684	3,706
Lease liabilities	44,523	43,798	-	-
Refundable deposits	2,695	2,365	-	-
Loans and borrowings	729,861	480,743	88,312	98,961

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk, interest rate risk and cash flow risk. The Group's principal objective is to minimise the Group's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group.

Various risk management policies are formulated and approved by the directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from trade and other receivables, loan receivables, contract assets, service concession assets and cash and bank balances. The Company's exposure to credit risk arises principally from amount due from subsidiaries, financial guarantee given to banks for credit facilities granted to subsidiaries and cash and bank balances.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to written-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous years.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk arising from the financial assets is the carrying amount of each class of financial assets as recognised in the statements of financial position. A significant portion of these receivables are regular customers that have been transacting with the Group.

Concentration of credit risk

At the end of the reporting period, approximately 78% (2021: 60%) of the Group's trade receivables were due from 4 (2021: 4) major customers.

The exposure of credit risk for trade receivables and contract assets as at the end of the reporting period by industry sector and geographic region were:

	2022		2021	
Group	**RM'000**	**% of total**	**RM'000**	**% of total**
By industry sector:				
Construction	136,763	37	83,855	78
Property development	5,571	2	7,702	7
Power	5,698	2	5,907	6
Manufacturing, trading and others	214,860	59	10,043	9
	362,892	100	107,507	100
By geographical:				
Malaysia	155,092	43	107,507	100
People's Republic of China	207,800	57	-	-
	362,892	100	107,507	100

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments, letter of undertaking from banks and external credit ratings, where applicable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2022			
Current (not past due)	350,983	-	350,983
1-30 days past due	5,229	-	5,229
31-60 days past due	1,785	-	1,785
61-90 days past due	2,212	-	2,212
91-120 days past due	1,139	-	1,139
More than 120 days past due	9,771	(8,227)	1,544
	371,119	(8,227)	362,892
Trade receivables	305,509	(8,227)	297,282
Contract assets	65,610	-	65,610
	371,119	(8,227)	362,892
2021			
Current (not past due)	102,433	-	102,433
1-30 days past due	3,796	-	3,796
31-60 days past due	685	-	685
61-90 days past due	324	-	324
91-120 days past due	91	(12)	79
More than 120 days past due	5,747	(5,557)	190
	113,076	(5,569)	107,507
Trade receivables	93,794	(5,569)	88,225
Contract assets	19,282	-	19,282
	113,076	(5,569)	107,507

There are trade receivables that are past due but not impaired where the Group has not recognised any loss allowance. Based on past trend, these receivables are collected within the next 12 months subsequent to the immediate financial year end. These receivables are unsecured in nature.

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

Recognition and measurement of impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

Group	Trade receivables RM'000	Contract assets RM'000	Total RM'000
Credit Impaired			
As at 1 January 2021	5,619	-	5,619
Net measurement of loss allowance	(50)	-	(50)
As at 31 December 2021/1 January 2022	5,569	-	5,569
Acquisition of subsidiaries	2,377	-	2,377
Net measurement of loss allowance	281	-	281
As at 31 December 2022	8,227	-	8,227

Cash and bank balances

The cash and bank balances are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At each reporting date, the Group assesses whether any of the other receivables are credit impaired.

The gross carrying amounts of credit impaired other receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to written-off. Nevertheless, other receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk of other receivables is represented by their carrying amounts in the statements of financial position.

Recognition and measurement of impairment losses

As there are only a few other receivables, the Group assessed the risk of loss of each other receivables individually based on past trend of payment.

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Other receivables (cont'd)

Recognition and measurement of impairment losses (cont'd)

The other receivables also consist of deposits paid for fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

The movements in the allowance for impairment loss in respect of other receivables during the year are shown below:

	2022 RM'000	2021 RM'000
At beginning of year	4,965	2,276
Acquisition of subsidiaries	10,453	-
Net remeasurement of loss allowance	380	2,689
At end of year	15,798	4,965

Loan receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At each reporting date, the Group assesses whether any of the loan receivables are credit impaired.

The gross carrying amounts of credit impaired loan receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to written-off. Nevertheless, loan receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk of loan receivables is represented by their carrying amounts in the statements of financial position.

The movements in the allowance for impairment loss in respect of loan receivables during the year are shown below:

	Group	
	2022 RM'000	2021 RM'000
At beginning of year	-	-
Acquisition of subsidiaries	20,624	-
Net remeasurement of loss allowance	50	-
At end of year	20,674	-

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Service Concession Assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. At each reporting date, the Group assesses whether any of the service concession assets are credit impaired.

The gross carrying amounts of credit impaired service concession assets are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to written-off. Nevertheless, service concession assets that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk of service concession assets is represented by their carrying amounts in the statements of financial position.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured financial guarantees to banks, customers and payables as performance bonds, tender bonds, security deposits or in respect of guarantee for banking facilities granted to certain subsidiaries and associates.

The Company also provides financial support to certain subsidiaries to enable them to meet their liabilities as and when they fall due.

Exposure to credit risk, credit quality and collateral

The Group's and the Company's maximum exposure to credit risk arising from financial guarantees amounted to RM39,957,000 and RM225,848,000 (2021: RM38,965,000 and RM222,389,000) respectively.

The financial guarantees are provided as credit enhancements to banks, customers and payables.

Recognition and measurement of impairment loss

The Group and the Company assume that there is a significant increase in credit risk when a subsidiary's or associate's financial position deteriorates significantly. The Group and the Company consider a financial guarantee to be credit impaired when:

- The subsidiary or associate is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary or associate is continuously loss making and is having a deficit shareholders' fund.

The Group and the Company determine the probability of default of the debts individually using internal information available.

As at the end of the reporting period, it was not probable that the counterparties to financial guarantee contracts will claim under the contract. The Group and the Company did not recognise any liability on financial guarantees.

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Group provides advances to associates. The Group monitors the ability of the associates to repay the advances on an individual basis. The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk of intercompany loans and advances is represented by their carrying amounts in the statements of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

Generally, the Group and the Company consider advances to associates or subsidiaries have low credit risk. The Group and the Company assume that there is a significant increase in credit risk when an associate's or subsidiary's financial position deteriorates significantly. The Group and the Company consider advances to an associate or subsidiary to be credit impaired when:

- The associate or the subsidiary is unlikely to repay its advance to the Company in full; or
- The associate or the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The following table provides information about the exposure to credit risk and ECLs for amount due from associates:

Group	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2022			
Low credit risk	11,189	-	11,189
Credit impaired	15,491	(15,491)	-
	26,680	(15,491)	11,189
2021			
Low credit risk	15,451	-	15,451
Credit impaired	15,491	(15,491)	-
	30,942	(15,491)	15,451

36. FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for amount due from subsidiaries:

Company	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
2022			
Low credit risk	372,707	-	372,707
Credit impaired	36,684	(36,684)	-
	409,391	(36,684)	372,707
2021			
Low credit risk	254,947	-	254,947
Credit impaired	33,799	(33,799)	-
	288,746	(33,799)	254,947

The movement in the allowance for impairment in respect of amount due from associates or subsidiaries during the year is as follows:

	Lifetime ECL RM'000
Group	
As at 1 January 2021	13,501
Net remeasurement of loss allowance	1,990
As at 31 December 2021/1 January 2022/31 December 2022	15,491
Company	
As at 1 January 2021	48,088
Net remeasurement of loss allowance	(14,289)
As at 31 December 2021/1 January 2022	33,799
Net remeasurement of loss allowance	2,885
As at 31 December 2022	36,684

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36. FINANCIAL INSTRUMENTS (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, refundable deposits and loans and borrowings.

The Group maintains a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash terms included in the maturity analysis occur significantly earlier or at significant different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2022						
Non-derivative financial liabilities						
Trade and other payables	379,854	-	379,854	379,854	-	-
Refundable deposits	2,695	-	2,695	-	2,695	-
Revolving credits	65,514	4.57%-6.40%	69,083	69,083	-	-
Lease liabilities	44,523	3.00%-5.68%	68,037	5,010	16,078	46,949
Term loans	177,925	4.47%-7.50%	209,048	133,576	52,841	22,631
Bankers' acceptance	4,414	3.22%-3.82%	4,434	4,434	-	-
Other borrowings	269,380	5.00%-6.00%	293,557	58,773	234,784	-
Green SRI Sukuk Wakalah	212,628	5.20% - 6.35%	301,629	26,677	121,271	153,681
Financial guarantee	-	-	39,957	39,957	-	-
	1,156,933		1,368,294	717,364	427,669	223,261

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
2021						
Non-derivative financial liabilities						
Trade and other payables	148,420	-	148,420	148,420	-	-
Refundable deposits	2,365	-	2,365	-	2,365	-
Revolving credits	45,528	3.75% - 4.16%	47,368	47,368	-	-
Lease liabilities	43,798	3.75% - 5.68%	69,569	3,571	15,106	50,892
Term loans	184,849	3.98% - 7.50%	197,728	102,437	92,626	2,665
Bankers' acceptance	4,866	3.30% - 3.34%	4,877	4,877	-	-
Advance from shareholder	15,500	5.00%	16,275	16,275	-	-
Green SRI Sukuk Wakalah	230,000	5.12% - 6.35%	328,752	27,457	101,916	199,379
Financial guarantee	-	-	38,965	38,965	-	-
	675,326		854,319	389,370	212,013	252,936
Company						
2022						
Non-derivative financial liabilities						
Trade and other payables	6,684	-	6,684	6,684	-	-
Term loan	88,312	7.50%	91,624	91,624	-	-
Financial guarantee	-	-	225,848	108,507	99,128	18,213
	94,996		324,156	206,815	99,128	18,213
2021						
Non-derivative financial liabilities						
Trade and other payables	3,706		3,706	3,706	-	-
Term loan	83,461	7.50%	92,850	6,260	86,590	-
Advances from shareholders	15,500	5.00%	16,275	16,275	-	-
Financial guarantee	-	-	222,389	151,254	71,135	-
	102,667		335,220	177,495	157,725	-

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

36. FINANCIAL INSTRUMENTS (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(d) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Ringgit Malaysia ("RM"), United States Dollar ("USD") and Hong Kong Dollars ("HKD"). The foreign currencies in which these transactions are denominated are mainly United State Dollar ("USD") and Indian Rupee ("INR").

Risk management objectives, policies and processes for managing the risk

As at the reporting date, the Group entered into cross currency interest rate contract to manage the foreign currency exposures arising from the Group's term loan denominated in currencies other than the functional currency of the Group entities.

Exposure of foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
	INR	USD	TWD	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2022				
Balances recognised in the statements of financial position				
Cash and bank balances	410	-	-	410
Amount due from associate	-	11,428	-	11,428
Borrowings	-	(88,312)	-	(88,312)
	410	(76,884)	-	(76,474)
Company				
2022				
Balance recognised in the statement of financial position				
Borrowing	-	(88,312)	-	(88,312)

36. FINANCIAL INSTRUMENTS (cont'd)

(d) Foreign currency risk (cont'd)

Exposure of foreign currency risk (cont'd)

	Denominated in			
	INR RM'000	USD RM'000	TWD RM'000	Total RM'000
Group				
2021				
Balances recognised in the statements of financial position				
Cash and bank balances	445	-	150	595
Amount due from associates	-	14,198	-	14,198
Borrowings	-	(125,191)	-	(125,191)
	445	(110,993)	150	(110,398)
Forecast transactions				
Cross currency interest rate swaps	-	40,533	-	40,533
Net exposure	445	(70,460)	150	(69,865)
Company				
2021				
Balance recognised in the statement of financial position				
Borrowing	-	(83,461)	-	(83,461)

The Group has overseas operations and is exposed to currency risk as a result of the foreign currency transactions entered into by companies in currencies other than their functional currencies.

Currency risk sensitivity analysis

A 3% (2021: 3%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2022	2021	2022	2021
Profit or loss	RM'000	RM'000	RM'000	RM'000
INR	9	10	-	-
USD	(1,753)	(1,930)	2,014	1,903
TWD	-	3	-	-

A 3% (2021: 3%) weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

36. FINANCIAL INSTRUMENTS (cont'd)

(e) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-bearing borrowings, deposits with financial institutions and amount owing from associates. Investment in fianacial assets, short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage its interest rate exposure by maintaining a mix of fixed and floating rate loans and borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Amount due from associates	11,428	14,198	-	-
Green SRI Sukuk Wakalah	(212,628)	(230,000)	-	-
Term loans	(118,312)	(129,461)	(88,312)	(83,461)
Other borrowings	(269,380)	-	-	-
Lease liabilities	(44,523)	(43,798)	-	-
Advance from shareholder	-	(15,500)	-	(15,500)
Deposits with financial institutions	51,498	48,709	-	-
	(581,917)	(355,852)	(88,312)	(98,961)
Floating rate instruments				
Deposits with financial institutions	48,145	52,994	-	-
Term loans	(59,613)	(55,388)	-	-
Revolving credits	(65,514)	(45,528)	-	-
Bankers' acceptance	(4,414)	(4,866)	-	-
	(81,396)	(52,788)	-	-

36. FINANCIAL INSTRUMENTS (cont'd)

(e) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by amounts shown below. The analysis assumes that all other variables, in particular foreign currency rate, remained constant.

	Profit or loss	
	100 bp increase RM'000	**100 bp decrease RM'000**
Group		
2022		
Floating rate instruments	(619)	619
Cross currency interest rate swap	-	-
Cash flow sensitivity (net)	(619)	619
2021		
Floating rate instruments	(401)	401
Cross currency interest rate swap	308	(308)
Cash flow sensitivity (net)	(93)	93

(f) Fair values

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

36. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group and the Company are as follows:

- **Cash and bank balances, trade and other receivables, loan receivables, service concession assets, trade and other payables and short-term borrowings:** The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.

- **Non-current service concession assets and trade and other receivables:** The fair values of non-current service concession assets and trade and other receivables are determined by the present value of future cash flows estimated and discounted using the interest rate for similar instruments.

- **Non-current refundable deposits:** The fair value of non-current refundable deposits and lease liabilities are determined by estimating future cash flows and discounting these future cash flows using an interest rate which takes into consideration the Group's incremental borrowing rate at year end for similar types of debt arrangements.

- **Long-term borrowings:** The fair values of long-term borrowings are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Group's incremental borrowing rate at year end for similar types of debt arrangements.

- **Derivative instruments:** The fair values of foreign exchange derivatives were calculated using market prices that the Group would pay or receive to settle the related agreements.

- **Other investments:** The fair values of other investments are determined based on income approach and discounting the future cash flow using an interest rate at year end for similar type of investment.

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

36. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**RM'000**	**RM'000**
2022										
Financial assets										
Other investments	-	936	27,500	28,436	-	-	-	-	28,436	28,436
Financial liabilities										
Refundable deposits	-	-	-	-	-	-	2,695	2,695	2,695	2,695
Term loans	-	-	-	-	-	-	159,659	159,659	159,659	177,925
Green SRI Sukuk Wakalah	-	-	-	-	-	-	145,763	145,763	145,763	212,628
Other borrowings	-	-	-	-	-	-	203,783	203,783	203,783	224,137
	-	-	-	-	-	-	511,900	511,900	511,900	617,385
Company										
2022										
Term loan	-	-	-	-	-	-	82,151	82,151	82,151	88,312

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)

36. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2021										
Financial assets										
Other investments	-	936	21,000	21,936	-	-	-	-	21,936	21,936
Cross currency interest rate swaps	-	-	1,197	1,197	-	-	-	-	1,197	1,197
	-	936	22,197	23,133	-	-	-	-	23,133	23,133
Financial liabilities										
Refundable deposits	-	-	-	-	-	-	2,365	2,365	2,365	2,365
Term loans	-	-	-	-	-	-	188,422	188,422	188,422	184,849
Green SRI Sukuk Wakalah	-	-	-	-	-	-	237,640	237,640	237,640	230,000
	-	-	-	-	-	-	428,427	428,427	428,427	432,714
Company										
2021										
Term loan	-	-	-	-	-	-	87,502	87,502	87,502	83,461

36. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the year (2021: no transfer in either direction).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

Group	2022 RM'000	2021 RM'000
Other investments - Unquoted shares		
As at 1 January	21,000	-
Reclassify from investment in an associate	-	21,000
Fair value gain	6,500	-
As at 31 December	27,500	21,000

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

(a) Financial instruments carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Other investments - Unquoted shares	Discounted cash flow projections. Disclosed in Note 21	- Future planned revenue - Discount rate	The estimated fair value would increase (decrease) if the future planned revenue is higher (lower) and discount rate were lower (higher).

(b) Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used	Discount rate
2022		
Refundable deposits and long-term borrowings	Discounted cash flow using a rate based on the indicative current market rate of borrowing of the Group entities at the reporting date	5.12% - 6.35%
2021		
Refundable deposits and long-term borrowings	Discounted cash flow using a rate based on the indicative current market rate of borrowing of the Group entities at the reporting date	4.47% - 7.50%

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

36. FINANCIAL INSTRUMENTS (cont'd)

(g) Master netting or similar agreements

The Group enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

Group	Carrying amounts of financial instruments in the statement of financial position RM'000	Related financial instruments that are not offset RM'000	Net amount RM'000
2022			
Derivative financial assets			
Cross currency interest rate swap held for trading at FVTPL	-	-	-
2021			
Derivative financial assets			
Cross currency interest rate swap held for trading at FVTPL	1,197	-	1,197

37. RESTATEMENT OF COMPARATIVES

During the financial year, the Group reassessed its service concession assets which are relating to the Group's Power Purchase Agreements ("PPA") to conform with the requirements of the IC Interpretation 12.

As a result, the Group changed its intangible asset model to the financial asset model where the operator is considered to have an unconditional right to receive cash or another financial asset from the grantor. Financial assets resulting from the application of this policy are recorded in the consolidated statements of financial position under the heading 'service concession assets' and recognised at amortised cost.

The change in accounting policy is applied retrospectively and the Group has restated certain comparative amounts in accordance with the requirements of MFRS 108 *Accounting Policies, Change in Accounting Estimates and Errors*.

37. RESTATEMENT OF COMPARATIVES (cont'd)

The resulting financial effects of the above restatements are as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
1 January 2021			
Effect on statements of financial position:			
Non-current assets			
Service concession assets	302,622	(2,138)	300,484
Current assets			
Service concession assets	-	10,286	10,286
Non-current liabilities			
Deferred tax liabilities	10,125	5,370	15,495
Effect on statements of changes of equity:			
Accumulated losses	(297,070)	(3,490)	(300,560)
Non-controlling interests	35,970	6,268	42,238
31 December 2021			
Effect on statements of comprehensive income:			
Revenue	288,688	(37,790)	250,898
Cost of sales	(233,024)	17,536	(215,488)
Other income	33,340	27,506	60,846
Profit before tax	12,741	7,252	19,993
Income tax expense	(4,661)	(1,431)	(6,092)
Profit for the year	8,080	5,821	13,901
Non-controlling interests	1,660	(87)	1,573
Effect on statements of financial position:			
Non-current assets			
Service concession assets	285,084	5,835	290,919
Current assets			
Service concession assets	-	9,565	9,565
Non-current liabilities			
Deferred tax liabilities	11,648	6,801	18,449
Effect on statements of changes of equity:			
Accumulated losses	(280,280)	2,418	(277,862)
Non-controlling interests	31,907	6,181	38,088
Effect on statements of cash flows:			
Cash flows from operating activities:			
Interest income	(3,595)	(27,506)	(31,101)
Amortisation of service concession assets	17,536	(17,536)	-
Change in service concession assets	(788)	37,792	37,004

38. RECLASSIFICATION OF COMPARATIVES

Certain comparative figures have been reclassified to conform with the current financial year's presentation.

Group	As previously reported RM'000	Reclassification RM'000	As reclassified RM'000
Statements of Financial Position			
1 January 2021			
Non-current assets			
Land held for property development	-	24,481	24,481
Current assets			
Inventories	130,172	(24,481)	105,691
31 December 2021			
Non-current assets			
Land held for property development	-	24,493	24,493
Current assets			
Inventories	112,697	(24,493)	88,204

Certain comparative figures in the statements of cash flows have also been reclassified as a result of the reclassification in the statements of financial position.

STATEMENT BY DIRECTORS

The Directors of **MUDAJAYA GROUP BERHAD** state that, in their 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.

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

JAMES WONG TET FOH

LEE ENG LEONG

20 April 2023

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE

For The Financial Management of The Company

I, **LEE ENG LEONG**, the Director primarily responsible for the financial management of **MUDAJAYA GROUP BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

LEE ENG LEONG
MIA Membership No.:7313

Subscribed and solemnly declared by the abovenamed **LEE ENG LEONG** at **Petaling Jaya, Selangor Darul Ehsan** on 20th day of April 2023.

Before me,

Raymond Cha Kar Siang
(No.B362)
COMMISSIONER FOR OATHS

PROPERTIES OF THE GROUP

As at 31 December 2022

	LOCATION/ADDRESS	YEAR OF ACQUISITION	TENURE	YEAR LEASE EXPIRING	AGE OF BUILDING	LAND AREA/ BUILT UP AREA (sq.m)	DESCRIPTION/ EXISTING USE	NET BOOK VALUE RM'000
1	Dundong Village, Jiantouji Town, Taierzhuang District	2005	Leasehold	2056	17	141838/ 20036	Industrial land and building / Factory	79,325
2	No.12A, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan	2008	Freehold	N/A	11	4,269	Commercial land and office building	55,277
3	Room 101-102, Building 27, No. 1388 Zhangdong Road, Pudong, Shanghai, the PRC	2007	Leasehold	2049	15	1,899.88	Industrial building	22,541
4	Rooms 101, 102, 201, 202, 301, 302, 401 and 402 with 4 Carparks, Block D7 of Shanglia Connes City, Taierzhuang District, Zaozhuang City, Shandong Province, the PRC	2012	Leasehold	2078	10	1439.55	Residential	5,225
5	Unit 678, No 8, Changle Road, Binhu District, Wuxi City, Jiangsu Province, the PRC	2013	Leasehold	Unspecified term	9	553.86	Residential	5,210
6	Lot No. 32 & 33 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	1998	Freehold	N/A	26	40,486/2480	Industrial land and building/ Casting yard	4,058
7	Lot 2472 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	2012	Freehold	N/A	N/A	20,234	Agriculture land/ Storage	3,864
8	Lot No. 31 Mukim Ijok Jalan Bukit Badong Daerah Kuala Selangor	2004	Freehold	N/A	N/A	20,234	Agriculture land/ Casting yard	1,650
9	Bd107-109, Bd207-209, Bd313-319 Bd414-419, Bm413 Batu Kawah New Township Jalan Batu Kawa 93250 Kuching Sarawak	2007	Leasehold	2058	15	12,012	Office building and store room	1,560
10	Unit 1403, No. 83, An Shun Road, Changning District, Shanghai, the PRC	2000	Leasehold	Unspecified term	22	146.48	Office building	1,224

ANALYSIS OF SHAREHOLDINGS

As at 20 March 2023

Total Number of Issued Shares	:	1,875,747,568 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share on a poll

DISTRIBUTION OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares held	% of Shareholdings
Less than 100	964	5.80	36,245	0.00
100 – 1,000	8,265	49.76	2,745,053	0.15
1,001 – 10,000	4,576	27.55	19,328,657	1.03
10,001 – 100,000	2,292	13.80	77,162,343	4.11
100,001 – 93,787,377 (less than 5% of issued shares)	512	3.08	458,103,803	24.42
93,787,378 (5%) and above	1	0.01	1,318,371,467	70.29
Total	**16,610**	**100.00**	**1,875,747,568**	**100.00**

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name of Substantial Shareholders	Number of Shares held	%	Number of Shares held	%
Yakin Setiamas Sdn Bhd	1,318,371,467	70.29	-	-
Ample Full Profits Limited	-	-	(1) 1,318,371,467	70.29
Jovial Day Holdings Limited	-	-	(2) 1,318,371,467	70.29
Cheerful Talent Holdings Limited	-	-	(3) 1,318,371,467	70.29
Kuo Jen-Hao	-	-	(4) 1,318,371,467	70.29

Notes:

*(1) Deemed interest pursuant to Section 8 of the Companies Act 2016 ("**the Act**") by virtue of its shareholding in Yakin Setiamas Sdn Bhd.*

(2) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Ample Full Profits Limited.

(3) Deemed interest pursuant to Section 8 of the Act by virtue of its shareholding in Jovial Day Holdings Limited.

(4) Deemed interest pursuant to Section 8 of the Act by virtue of his shareholding in Cheerful Talent Holdings Limited.

ANALYSIS OF SHAREHOLDINGS

As at 20 March 2023

(CONTINUED)

DIRECTORS' SHAREHOLDINGS IN MUDAJAYA GROUP BERHAD BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct: Number of Shares held	Direct: %	Indirect: Number of Shares held	Indirect: %
Lee Eng Leong	1,705,100	0.09	-	-
Dato' Amin Rafie Bin Othman	-	-	-	-
Ir. James Wong Tet Foh	-	-	-	-
Chew Hoy Ping	-	-	-	-
Oei Su Lee	-	-	-	-

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Shareholders	Number of Shares held	%
1	YAKIN SETIAMAS SDN BHD	1,318,371,467	70.29
2	PHILLIP NOMINEES (ASING) SDN BHD EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LIMITED FOR HARRISON ASSETS LIMITED	58,987,000	3.14
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (1)	37,492,600	2.00
4	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR WENTWORTH INSURANCE COMPANY LIMITED, LABUAN BRANCH	33,717,500	1.80
5	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ODYSSEY REINSURANCE COMPANY	30,000,000	1.60
6	PHILLIP NOMINEES (ASING) SDN BHD EXEMPT AN FOR EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LIMITED	30,000,000	1.60
7	NAUTICAL INVESTMENTS LIMITED	21,347,752	1.14
8	PHILLIP NOMINEES (ASING) SDN BHD EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LIMITED FOR NG QING HAI	17,700,000	0.94
9	MAGIC UNICORN LIMITED	14,141,913	0.75
10	CITIGROUP NOMINEES (ASING) SDN BHD CBHK FOR FALCON INSURANCE COMPANY (HONG KONG) LIMITED (INVESTMENT AC)	6,325,000	0.34
11	LEE SEE JIN	6,161,200	0.33
12	KENANGA NOMINEES (TEMPATAN) SDN BHD LIM SOH WOON	4,600,000	0.25
13	TYE YONG POU	3,950,300	0.21
14	PHILLIP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LIMITED (A/C CLIENT)	3,492,705	0.19
15	KENANGA NOMINEES (TEMPATAN) SDN BHD DERRICK KONG YING KIT (PCS)	3,300,000	0.18

ANALYSIS OF SHAREHOLDINGS

As at 20 March 2023
(CONTINUED)

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

No.	Name of Shareholders	Number of Shares held	%
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN AIK (8058967)	3,275,200	0.17
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	3,201,600	0.17
18	AFFIN HWANG NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES (HONG KONG) LTD (CLIENTS' ACCOUNT)	2,989,200	0.16
19	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	2,778,150	0.15
20	LEE ENG KEONG	2,255,000	0.12
21	APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMJIT SINGH GILL (MARGIN)	2,224,286	0.12
22	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM MEE KIAN	2,170,065	0.12
23	CHIANG SIEW ENG @ LE YU AK EE	2,100,000	0.11
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	2,097,700	0.11
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ANTO A/L S F JOSEPH (PB)	2,056,906	0.11
26	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN MENG YOW	1,890,000	0.10
27	TOO WEE LING	1,867,400	0.10
28	KLANG ENTERPRISE SENDIRIAN BERHAD	1,818,320	0.10
29	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	1,801,239	0.10
30	DENNIS KOH SENG HUAT	1,675,000	0.09

ANALYSIS OF WARRANT HOLDINGS

As at 20 March 2023

Total Number of Issued Warrants	:	70,838,930 warrants
Exercise Price Per Warrant	:	RM0.22
Issue Date	:	4 October 2021
Expiry Date	:	3 October 2023

DISTRIBUTION OF WARRANT HOLDINGS BASED ON RECORD OF DEPOSITORS

Size of Warrant holdings	Number of Warrant holders	% of Warrant holders	Number of Warrants held	% of Warrant holdings
Less than 100	21	3.12	1,229	0.00
100 – 1,000	138	20.50	76,892	0.11
1,001 – 10,000	219	32.54	1,006,971	1.42
10,001 – 100,000	192	28.53	7,531,241	10.63
100,001 – 3,541,945 (less than 5% of issued warrants)	101	15.01	50,222,597	70.90
3,541,946 (5%) and above	2	0.30	12,000,000	16.94
Total	**673**	**100.00**	**70,838,930**	**100.00**

THIRTY LARGEST WARRANT HOLDERS BASED ON RECORD OF DEPOSITORS

No.	Name of Warrant holders	Number of Warrants held	%
1	PHILLIP NOMINEES (ASING) SDN BHD EVERBRIGHT SECURITIES INVESTMENT SERVICES (HK) LIMITED FOR NG QING HAI	7,000,000	9.88
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI HEE KONG (E-SS2)	5,000,000	7.06
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEAP TAT EE (E-KTN)	3,100,000	4.38
4	LOW LAY PING	2,513,800	3.55
5	YONG ZHE WU	2,499,000	3.53
6	KENANGA NOMINEES (TEMPATAN) SDN BHD FOR CHIANG SIEW ENG @ LE YU AK EE	2,204,400	3.11
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	2,200,752	3.11
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH SWEE HENG (MM1118)	2,000,000	2.82
9	CHAN CHIN SUN	1,900,000	2.68
10	TYE YONG POU	1,500,074	2.12
11	CHIANG SIEW ENG @ LE YU AK EE	1,432,500	2.02
12	TAN TOW HOO	1,340,000	1.89
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAH JOAN (E-SS2)	1,297,300	1.83
14	TAI BOON CHUN	1,143,000	1.61
15	LAI LEE TECK	1,124,400	1.59

ANALYSIS OF WARRANT HOLDINGS
As at 20 March 2023
(CONTINUED)

THIRTY LARGEST WARRANT HOLDERS BASED ON RECORD OF DEPOSITORS (cont'd)

No.	Name of Warrant holders	Number of Warrants held	%
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD TAN TOW HOO	1,000,000	1.41
17	FOO YUK MENG	1,000,000	1.41
18	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR TAN MENG YOW	857,000	1.21
19	YEOH POH KHIM	830,000	1.17
20	EE KIM CHENG	810,500	1.14
21	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	623,875	0.88
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD ANG TIONG TAT	605,000	0.85
23	TAN TOW HOO	600,000	0.85
24	TYE SOK CIN	588,800	0.83
25	NG CHUA BEE	550,000	0.78
26	CHANG WUN CHING	532,300	0.75
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW POH KIM	523,500	0.74
28	TOMMY TAN SHAN KEE	499,800	0.71
29	TAN CHOON HIAN	450,000	0.64
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KUAN FONG (8078549)	444,600	0.63

NOTICE OF 20TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting ("**AGM**") of Mudajaya Group Berhad ("**the Company**") will be held as a virtual meeting on the following date, time and venue for the following purposes:

Day and Date	:	Thursday, 15 June 2023
Time	:	2.30 p.m.
Broadcast Venue	:	Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Online Meeting Platform	:	Lumi AGM provided by Boardroom Share Registrars Sdn Bhd in Malaysia at https://meeting.boardroomlimited.my

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect Mr Lee Eng Leong who retires by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 1)*

3. To re-elect Dato' Amin Rafie Bin Othman who retires by rotation pursuant to Clause 106 of the Company's Constitution and being eligible, has offered himself for re-election. *(Ordinary Resolution 2)*

4. To approve the payment of Directors' fees and benefits to the Non-Executive Directors of the Company (based on the remuneration structure as disclosed in item 3 of the Explanatory Notes on Ordinary and Special Business) for the period from 16 June 2023 until the conclusion of the next AGM of the Company to be held in 2024. *(Ordinary Resolution 3)*

5. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 4)*

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. **ORDINARY RESOLUTION:**
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT subject always to the Companies Act 2016 ("**the Act**"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act:

(a) to issue and allot new shares in the Company; and/or
(b) to grant rights to subscribe for shares in the Company; and/or
(c) to convert any security into shares in the Company; and/or
(d) to allot shares under an agreement or option or offer,

at any time and from time to time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of new shares issued pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) ("**10% General Mandate**").

THAT such approval of the 10% General Mandate shall continue to be in force until:

(a) the conclusion of the next AGM of the Company held after the approval was given;

(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors be and are hereby empowered to obtain the approval from Bursa Securities for the listing of and quotation for such new shares on the Main Market of Bursa Securities.

AND THAT the Directors be further authorised to implement, finalise, complete and take all necessary steps and to do all acts, deeds and things as may be necessary or expedient (including executing such documents as may be required) in order to give full effect to the 10% General Mandate, with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities." *(Ordinary Resolution 5)*

7. **ORDINARY RESOLUTION:**
Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

"THAT subject to compliance with the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant rules and regulations that may be in force from time to time, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:

(a) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company at any point in time; and

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the latest audited retained profits of the Company.

NOTICE OF 20TH ANNUAL GENERAL MEETING
(CONTINUED)

THAT such authority shall commence upon the passing of this ordinary resolution and shall remain in force until:

(i) the conclusion of the next AGM of the Company at which time such authority shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell the treasury shares and/or to distribute them as share dividends and/or subsequently cancel them or such other manner as may be allowed under the Act and the Main Market Listing Requirements of Bursa Securities.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to give full effect to the aforesaid with full power to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.” *(Ordinary Resolution 6)*

8. **ORDINARY RESOLUTION:**
   Continuing in Office as Independent Non-Executive Director

   “THAT approval be and is hereby given to Mr Chew Hoy Ping (who will be serving as an Independent Non-Executive Director of the Company for a cumulative term of 9 years effective on 1 January 2024) to continue to serve as an Independent Non-Executive Director of the Company, in accordance with the Malaysian Code on Corporate Governance 2021.” *(Ordinary Resolution 7)*

9. To transact any other business of which due notice shall have been received.

By Order of the Board

LEE SUAN CHOO (MAICSA 7017562) (SSM PC No. 202008003634)
CHEAH WAI YUEN (MAICSA 7025907) (SSM PC No. 202008002515)
Company Secretaries

Petaling Jaya
28 April 2023

NOTICE OF 20TH ANNUAL GENERAL MEETING
(CONTINUED)

NOTES:

1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities ("**RPV**"). Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.
3. A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
4. Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.
6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com, by sending it through the post, or submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **7 June 2023** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.
10. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of AGM shall be put to vote by way of poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTICE OF 20TH ANNUAL GENERAL MEETING
(CONTINUED)

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Audited Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

2. Ordinary Resolutions 1 & 2 – Re-Election of Retiring Directors pursuant to Clause 106 of the Company's Constitution

Pursuant to Clause 106 of the Company's Constitution, one-third or the number nearest to one-third of the Directors of the Company shall retire from office by rotation annually and subject to re-election at the AGM. All Directors shall retire from office once at least in each 3 years but shall be eligible for re-election.

Mr Lee Eng Leong and Dato' Amin Rafie Bin Othman are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM.

For the purpose of determining the eligibility of the Director to stand for re-election at this AGM and in line with the Main Market Listing Requirements of Bursa Securities and Practice 5.1 of the Malaysian Code on Corporate Governance 2021 issued by the Securities Commission Malaysia, the Combined Nomination and Remuneration Committee ("**CNRC**") has reviewed and assessed the retiring Directors from the annual assessment and evaluation of the Board for the financial year 2022. The retiring Directors have provided the fit and proper declarations in accordance with the Directors' Fit and Proper Policy. Dato' Amin Rafie Bin Othman, being the Independent Non-Executive Director, has declared that he satisfied and fulfilled all the criteria of independence as defined under Chapter 1, Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities. Accordingly, the CNRC has recommended the re-election of the retiring Directors based on the following considerations:

(a) demonstrated diligence and commitment, satisfactory performance and have met the Board's expectation in discharging their duties and responsibilities;
(b) met the fit and proper criteria with reference to the Directors' Fit and Proper Policy;
(c) their ability to act in the best interest of the Company in decision-making; and
(d) level of independence demonstrated by the Independent Non-Executive Director, Dato' Amin Rafie Bin Othman.

The Board has endorsed the CNRC's recommendation subject to the shareholders' approval at this AGM. The retiring Directors had abstained from deliberation and decision on their respective eligibility to stand for re-election at the relevant CNRC and Board Meetings.

The profiles of Mr Lee Eng Leong and Dato' Amin Rafie Bin Othman are set out in the Directors' Profile section of the Annual Report 2022.

3. Ordinary Resolution 3 – Payment of Directors' Fees and Benefits

Section 230(1) of the Act provides amongst others, that the fees and benefits ("**Remuneration**") payable to the Directors of a listed company shall be approved by the shareholders at a general meeting. The Remuneration payable to the Non-Executive Directors of the Company comprises Directors' fees, fixed allowance and meeting attendance allowance, which are the same amount as approved at the previous AGM held in 2022.

NOTICE OF 20TH ANNUAL GENERAL MEETING
(CONTINUED)

This Resolution is to seek shareholders' approval for payment of the Remuneration to the Non-Executive Directors for the period from 16 June 2023 until the conclusion of the next AGM of the Company to be held in 2024, in accordance with the remuneration structure as set out below:

	Deputy Chairman	Chairman of Audit Committee	Chairman of other Board Committees	Other Non-Executive Directors
Directors' Fees *(payable on monthly basis)*	RM80,000 per annum	RM80,000 per annum	RM80,000 per annum	RM80,000 per annum
Fixed Allowance *(payable on quarterly basis)*	RM60,000 per annum	RM40,000 per annum	RM6,000 per annum	-
Meeting Allowance for attendance of Board and Board Committee Meetings, and shareholders' meetings *(payable after each meeting)*	RM1,000 per meeting	RM1,000 per meeting	RM1,000 per meeting	RM1,000 per meeting

4. Ordinary Resolution 4 – Re-Appointment of Auditors

The Audit Committee has undertaken an annual assessment of the suitability and independence of Messrs Deloitte PLT ("**Deloitte**") as Auditors of the Company based on the criteria as prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Securities.

In its assessment, the Audit Committee considered several factors which include the following:

(a) Adequacy of experience and resources of Deloitte and the level of knowledge, capabilities and experience of the staff assigned to the audit;
(b) Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
(c) Appropriateness of audit approach and the effectiveness of audit planning;
(d) Ability to perform audit work within agreed timeframe; and
(e) Independence and objectivity of Deloitte when interpreting standards/policies adopted by the Company.

The Audit Committee was satisfied with the suitability of Deloitte based on the quality of audit, performance, competency and sufficiency of resources that Deloitte provided to the Group. The Audit Committee was also satisfied in its review that the provision of non-audit services by Deloitte to the Company for the financial year 2022 did not in any way impair their objectivity and independence as the external auditors.

The Board has approved the Audit Committee's recommendation for the shareholders' approval to be sought at this AGM on the re-appointment of Deloitte as Auditors of the Company.

5. Ordinary Resolution 5 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act

This Resolution is to empower the Directors to issue and allot shares in the Company, grant rights to subscribe for shares in the Company, convert any security into shares in the Company and/or allot shares under an agreement or option or offer, at any time at such price, upon such terms and conditions, for such purposes and to such person(s) as they consider would be in the interest of the Company, provided that the aggregate number of new shares issued, when aggregated with the total number of any such shares issued during the preceding 12 months, does not exceed 10% of the total number of issued shares of the Company for the time being.

The Board is of the view that the general mandate would be in the best interest of the Company and its shareholders as it would allow the Company to raise funds efficiently and expeditiously to meet its funding requirements, should the Company be required to do so. It will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding current and future investment(s), project(s), acquisition(s) and/or working capital. The general mandate is sought to avoid any delay and cost involved in convening a general meeting merely to approve such issue of shares.

NOTICE OF 20TH ANNUAL GENERAL MEETING
(CONTINUED)

The authority for this general mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

6. Ordinary Resolution 6 – Proposed Renewal of Authority for the Purchase by the Company of its Own Shares

This Resolution, if passed, will renew the shareholders' mandate for the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company. The details on the proposed renewal of authority for the purchase by the Company of its own shares are set out in the Share Buy-back Statement dated 28 April 2023.

7. Ordinary Resolution 7 – Continuing in Office as Independent Non-Executive Director

This Resolution is to seek the shareholders' approval to retain Mr Chew Hoy Ping ("**Mr Chew**") as an Independent Non-Executive Director of the Company. Mr Chew will be holding the position of an Independent Non-Executive Director for a cumulative term of 9 years on 1 January 2024.

The Board has via the CNRC, assessed the independence of Mr Chew and recommended him to continue to serve as an Independent Non-Executive Director based on the following justifications:-

(a) Mr Chew fulfilled the criteria under the definition of "Independent Director" as stated in the Main Market Listing Requirements of Bursa Securities and thus, he would be able to function as a check and balance to the Board.

(b) Mr Chew performed his duties diligently and in the best interest of the Company, and brings an element of objectivity and independent judgement to the Board without being subject to influence of the Management. He consistently challenges Management in an effective and constructive manner, and continues to advocate professional views without fear or favour.

(c) Based on the Director's Peer Evaluation undertaken by the Board, Mr Chew has performed satisfactorily in fulfilling his duties and responsibilities, including among others, contribution to Board deliberations, regular and timely attendance of Board/Committee meetings and understanding of the roles and responsibilities of an Independent Director. He has devoted time and commitment, and continued to exercise his independence and due care in discharging his duties and responsibilities as an Independent Non-Executive Director.

(d) Mr Chew, who is Chairman of the Audit Committee, has vast experience in the accounting and audit industry, which enabled him to provide constructive advice, expertise and independent judgement.

(e) Mr Chew's length of service with the Company enhanced his knowledge and developed valuable insights of the business operations of the Group, which enabled him to participate actively and contribute effectively during deliberations at Board and Board Committee meetings.

Pursuant to the Malaysian Code on Corporate Governance 2021, the Company will seek shareholders' approval through a two-tier voting process at the AGM for the retention of Mr Chew as an Independent Non-Executive Director of the Company.

STATEMENT ACCOMPANYING NOTICE OF 20TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Securities)

1. **Details of persons who are standing for election as Directors (excluding Directors standing for re-election)**

   No individual is seeking for election as a Director at the 20th AGM of the Company.

2. **A statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Securities**

   The proposed Ordinary Resolution 5 on the general mandate for issue of securities is a renewal mandate. As at the date of this Notice, no new shares or securities were issued pursuant to the said mandate granted to the Directors at the last AGM held on 15 June 2022.

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MUDAJAYA GROUP BERHAD

Registration No. 200301003119 (605539-H)
Incorporated in Malaysia

PROXY FORM

No. of Shares held	
CDS Account No.	

I/We ____________________ NRIC No./Company No. ____________________ Tel No. ______________

of ____

being a member of the Company, hereby appoint ____________________ NRIC No. ______________

Email:______________ of ____

and/or ____________________ NRIC No. ____________________ Email:______________

of ____

or failing him/her, the Chairman of the Meeting as my/our proxy to attend and vote on my/our behalf at the 20th Annual General Meeting ("**AGM**") of the Company to be held virtually from the Broadcast Venue at Level 11, Menara Mudajaya, No. 12A, Jalan PJU 7/3, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia and via Lumi AGM at https://meeting.boardroomlimited.my on **Thursday**, **15 June 2023** at **2.30 p.m.** and at any adjournment thereof.

Please indicate with 'X' in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/ proxies will vote or abstain from voting at his/their discretion.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
Resolution 1	Re-election of Mr Lee Eng Leong		
Resolution 2	Re-election of Dato' Amin Rafie Bin Othman		
Resolution 3	Payment of Directors' fees and benefits		
Resolution 4	Re-appointment of Deloitte PLT as Auditors		
Resolution 5	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Resolution 6	Proposed renewal of authority for the purchase by the Company of its own shares		
Resolution 7	Continuing in office as Independent Non-Executive Director – Mr Chew Hoy Ping		

Dated this __________day of __________ 2023

____
Signature of Member

For appointment of 2 proxies, the percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**Percentage**
1st Proxy		%
2nd Proxy		%
Total:		100 %

Common Seal *(for Corporate Members)*

NOTES:

1. *The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities ("**RPV**"). Please follow the procedures as set out in the Administrative Guide for the AGM in order to register, participate and vote remotely via RPV.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. No members/proxies from the public shall be physically present at nor admitted to the Broadcast Venue.*
3. *A member of the Company who is entitled to attend, participate and vote at a general meeting of the Company, may appoint not more than 2 proxies to attend, participate and vote instead of the member at the meeting. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.*
4. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of the SICDA.*
6. *Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, otherwise the appointment shall be invalid. An exempt authorised nominee which intends to appoint multiple proxies, must submit separate instruments of proxy.*
7. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*
8. *The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia either personally, by fax at (603) 7890 4670, by electronic mail to BSR.Helpdesk@boardroomlimited.com, by sending it through the post, or submitted electronically through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
9. *For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at **7 June 2023** and only members whose names appear in the Record of Depositors shall be entitled to attend, participate and vote at this AGM via RPV.*
10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all resolutions set out in the Notice of AGM shall be put to vote by way of poll.*

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 28 April 2023.

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MUDAJAYA GROUP BERHAD
Registration No. 200301003119 (605539-H)

c/o Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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www.mudajaya.com

MUDAJAYA GROUP BERHAD
200301003119 (605539-H)

Level 11, Menara Mudajaya
No.12A, Jalan PJU 7/3, Mutiara Damansara
47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia

T (603) 7806 7899
F (603) 7806 7900
E info@mudajaya.com