

GROMUTUAL

Annual
report
20

22



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The Lifestyle
Of Communities

CONTENTS

1	NOTICE OF ANNUAL GENERAL MEETING
5	GROUP STRUCTURE
6	FINANCIAL HIGHLIGHTS
7	CORPORATE INFORMATION
9	PROFILE OF THE BOARD OF DIRECTORS
11	CHAIRMAN'S STATEMENT
12	MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT
16	SUSTAINABILITY STATEMENT
22	CORPORATE GOVERNANCE OVERVIEW STATEMENT
33	AUDIT COMMITTEE REPORT
37	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
41	FINANCIAL STATEMENTS
101	ANALYSIS OF SHAREHOLDINGS
104	LIST OF PROPERTIES
111	PROXY FORM

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 20th Annual General Meeting of Gromutual Berhad ("the Company") will be held at **Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100, Johor Bahru, Johor, Malaysia** on **Monday, 29 May 2023** at **10.00 a.m.** to transact the following businesses :

AGENDA

Ordinary Resolution / Explanatory Note

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. **(Note 1)**
2. To approve the payment of Directors' fees of RM388,333 for the financial year ended 31 December 2022. **Resolution 1 / Note 2**
3. To approve the payment of Directors' benefits at the capping amount of RM30,000 for the period commencing from the date immediately after the 20th Annual General Meeting up to date of the next 21st Annual General Meeting of the Company to be held in 2024. **Resolution 2 / Note 2**
4. To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) of the Company's Constitution ("Constitution"):-
 - 4.1 Mr. Teo Yu Hong **Resolution 3 / Note 3**
 - 4.2 YH Dato' Chong Keap Thai @ Cheong Keap Tai **Resolution 4 / Note 3**
5. To re-elect the following Directors who retire from the Board pursuant to Clause 78 of the Company's Constitution ("Constitution"):-
 - 5.1 Ms. Tan Chia Hon **Resolution 5 / Note 3**
 - 5.2 Mr. Chan Chong Wey **Resolution 6 / Note 3**
 - 5.3 Mr. SR HJ Abdul Khalid Bin Abdul Rahman **Resolution 7 / Note 3**
6. To re-appoint BDO PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **Resolution 8 / Note 4**

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications: -

7. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **Resolution 9 / Note 5**

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of the relevant regulatory authorities, where such approval is required, the Directors be and are hereby authorised to issue and allot shares in the Company, from time to time, at such price, upon such terms and conditions and for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued during the preceding twelve (12) months does not

NOTICE OF ANNUAL GENERAL MEETING (continued)

exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued from Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until conclusion of the next annual general meeting of the Company after the approval was given or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting."

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD
GROMUTUAL BERHAD

YONG MAY LI (f) (LS0000295)
(SSM Practicing Certificate No. 202008000285)
THAM YAP MEY (f) (MIA29389)
(SSM Practicing Certificate No. 202008001870)
Company Secretaries
Johor Bahru

Dates this on 28 April 2023

NOTES :

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at **22 May 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
4. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (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 of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of appointment made in hardcopy form, the proxy form must be deposited with the Registered Office of the Company at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia. In the case of electronic appointment, the proxy form must be deposited via TIH Online at <https://tiah.online>. Please follow the procedure as set out in the Administrative Guide for the 20th AGM on the electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau 80300 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is **Saturday, 27 May 2023 at 10.00 a.m.**
11. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a) Identity card (NRIC) (Malaysian), or
 - b) Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c) Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.
13. Shareholders are advised to check the Company's website at www.gromutual.com and announcements from time to time for any changes to the administration of the 20th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

EXPLANATORY NOTES:

ORDINARY BUSINESS :

1. ITEM 1 OF THE AGENDA - AUDITED FINANCIAL STATEMENTS

This Agenda item is meant for discussion only as an approval from shareholders for the Audited Financial Statements is not required pursuant to the provisions of Section 248(2) and 340(1) of the Companies Act, 2016. Hence, this item is not put forward for voting by shareholders of the Company.

2. ITEMS 2 AND 3 OF THE AGENDA RESPECTIVELY **ORDINARY RESOLUTION 1: PAYMENT OF DIRECTORS' FEES **ORDINARY RESOLUTION 2: PAYMENT OF DIRECTORS' BENEFITS****

In compliance with Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

The Ordinary Resolutions 1 and 2 are proposed to seek shareholders' approval for the payment of Directors' fees for financial year ended 31 December 2022 and Directors' benefits for the period commencing from the conclusion of the 20th AGM until the next 21st AGM of the Company to be held in 2024 (estimated period is 12 months) to the Directors of the Company.

The Directors' fees of RM388,333 tabled for approval are payable proportionately to the Non-Executive Directors (including retired Directors) based on their services period rendered for the financial year ended 31 December 2022.

The estimated amount of RM30,000 for Directors' benefits include allowances payable to Directors and in determining the estimated amount, the Board has considered various factors including the current board size, number of scheduled meetings for the Board and Board Committee for the period from the 20th Annual General Meeting until the 21st AGM of the Company. In the event the proposed amount is insufficient, approval will be sought at the next 21st AGM for the shortfall, if any.

3. ITEM 4 AND 5 OF THE AGENDA **ORDINARY RESOLUTIONS 3, 4, 5, 6 AND 7: RE-ELECTION OF DIRECTORS**

Under Clause 76(3)

Mr. Teo Yu Hong and YH Dato' Chong Keap Thai @ Cheong Keap Tai are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 20th Annual General Meeting. The Board has through the Nominating Committee, had considered and assessed the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence and time to effectively discharge their roles as Directors.

NOTICE OF ANNUAL GENERAL MEETING (continued)

Under Clause 78

Ms. Tan Chia Hon, Mr. Chan Chong Wey and Mr. SR HJ Abdul Khalid Bin Abdul Rahman who were appointed during the year, are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 20th Annual General Meeting. The Board has through the Nominating Committee, had considered and assessed the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence and time to effectively discharge their roles as Directors.

4. ITEM 6 OF THE AGENDA ORDINARY RESOLUTION 8: RE-APPOINTMENT OF AUDITORS

The Board has through the Audit Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 20th Annual General Meeting are disclosed in the Audit Committee Report of the 2022 Annual Report.

SPECIAL BUSINESSES :

5. ITEM 7 OF THE AGENDA ORDINARY RESOLUTION 9: AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016

The Ordinary Resolution 9 under Item 7, is for the purpose of granting a renewal of the general mandate and if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding current and/or future investment project(s), working capital, repayment of bank borrowings, acquisitions and/or for allotment of shares as settlement of purchase consideration, by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next annual general meeting is required to be held after the approval was given, whichever is earlier.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 19th AGM held on 30th May 2022 and will lapse at the conclusion of the 20th AGM to be held on 29th May 2023. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

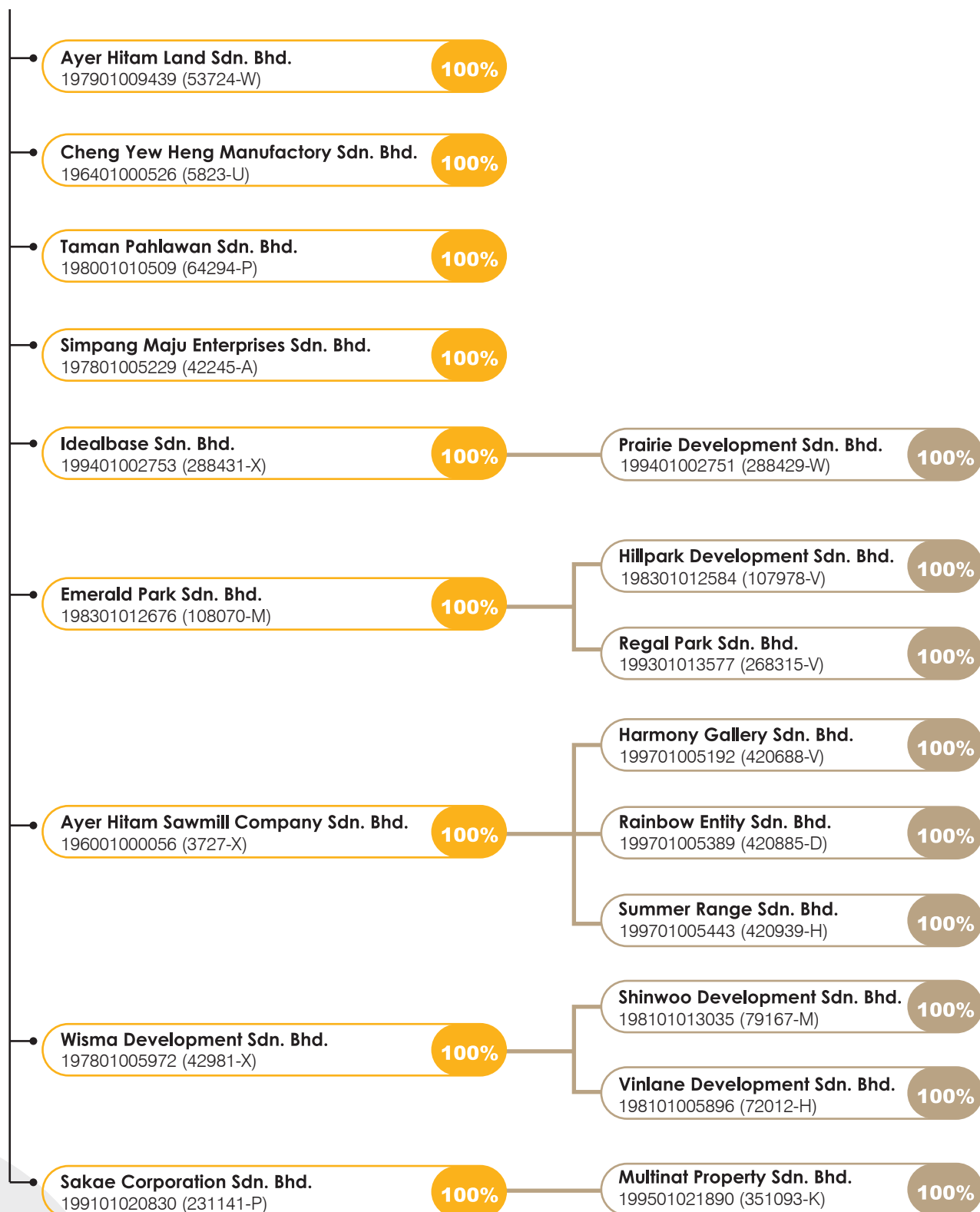
Further details of individuals who are standing for election as directors (excluding directors standing for a re-election) : -

There is no person seeking election as Director of the Company at this Annual General Meeting.

GROUP STRUCTURE

GROMUTUAL

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FINANCIAL HIGHLIGHTS

	31 Dec 2018	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022
Key Results (RM)					
Revenue	50,778,322	58,885,613	67,854,685	53,629,789	54,190,660
EBITDA ¹	11,649,376	17,175,601	18,097,199	17,905,060	14,478,551
Profit Before Tax ("PBT")	9,455,839	15,043,180	16,006,889	16,287,480	12,981,902
Profit After Tax ("PAT")/NPAEH ²	5,551,758	11,448,842	9,806,845	12,492,828	9,110,334
Other Key Data (RM)					
Total Assets	441,447,705	449,709,412	452,519,953	451,334,189	483,919,791
Total Borrowings	69,421,088	67,128,050	59,896,673	60,791,615	79,797,545
Shareholders' Equity	348,289,808	357,860,610	365,789,415	374,526,164	381,758,458
Financial Ratios					
Return on Total Assets (%)	1.26	2.55	2.17	2.77	1.88
Return on Equity (%)	1.59	3.20	2.68	3.34	2.39
Gearing Ratio (%) ³	19.93	18.76	16.37	16.23	20.90
Interest Coverage ⁴ (times)	3.35	5.52	5.98	8.43	6.66
Share Information					
Earnings Per Share (Sen)	1.48	3.05	2.61	3.33	2.43
Net Dividend Per Share (Sen)	0.50	0.50	0.50	1.00	0.50
Net Assets Per Share (RM)	0.93	0.95	0.97	1.00	1.02
Net Dividend Yield (%) ⁵	1.89	1.85	2.00	3.28	1.75
Share Price as at 31 December (RM)	0.265	0.270	0.250	0.305	0.285
Price Earning Ratio ("PE") ⁶	17.90	8.85	9.58	9.16	11.73

¹ Earnings Before Interest, Taxes, Depreciation and Amortisation

² PAT Attributable to Equity Holders

³ Total Debts/Shareholders' equity

⁴ PBT/Interest Charges

⁵ Net Dividends Per Share/Price Per Share

⁶ Price Per Share/Earnings Per Share

CORPORATE INFORMATION

BOARD OF DIRECTORS

Teo Yu Yin <i>(Re-designated as Non-Executive Chairman on 30.06.2022)</i>	Non-Executive Chairman
Teo Yu Hong	Managing Director
Chew Kwee Hiok (f)	Deputy Managing Director Cum Chief Executive Officer
YH Dato' Chong Keap Thai @ Cheong Keap Tai	Non-Independent Non-Executive Director
Teo Yu Yang	Non-Independent Non-Executive Director
Tan Chia Hon (f) <i>(Appointed on 01.06.2022)</i>	Non-Independent Non-Executive Director
Wong Wen Tak	Independent Non-Executive Director
Chan Chong Wey <i>(Appointed on 01.06.2022)</i>	Independent Non-Executive Director
SR Hj Abdul Khalid Bin Abdul Rahman <i>(Appointed on 30.12.2022)</i>	Independent Non-Executive Director
Tan Hon Kiat @ Tan Hoon Siong <i>(Retired on 30.06.2022)</i>	Non-Executive Chairman
Yeoh Beng Sang <i>(Retired on 30.06.2022)</i>	Independent Non-Executive Director
Azahar Bin Baharudin <i>(Retired on 30.12.2022)</i>	Independent Non-Executive Director

AUDIT COMMITTEE

Wong Wen Tak	Chairman
YH Dato' Chong Keap Thai @ Cheong Keap Tai	Member
Chan Chong Wey <i>(Appointed on 30.06.2022)</i>	Member
SR Hj Abdul Khalid Bin Abdul Rahman <i>(Appointed on 30.12.2022)</i>	Member
Yeoh Beng Sang <i>(Retired on 30.06.2022)</i>	Member
Azahar Bin Baharudin <i>(Retired on 30.12.2022)</i>	Member

NOMINATING COMMITTEE

Chan Chong Wey <i>(Appointed on 30.06.2022 and Redesignated as Chairman on 30.12.2022)</i>	Chairman
YH Dato' Chong Keap Thai @ Cheong Keap Tai	Member
Sr Hj Abdul Khalid Bin Abdul Rahman <i>(Appointed on 30.12.2022)</i>	Member

CORPORATE INFORMATION (continued)

Yeoh Beng Sang (Retired on 30.06.2022)

Chairman

Azahar Bin Baharudin (Re-designated as Chairman on 30.06.2022 and Retired on 30.12.2022)

Member/Chairman

REMUNERATION COMMITTEE

YH Dato' Chong Keap Thai @ Cheong Keap Tai (Re-designated as Chairman on 30.06.2022)

Chairman

Tan Chia Hon (f)(Appointed on 30.06.2022)

Member

Teo Yu Yin (Appointed on 30.06.2022)

Member

Tan Hon Kiat @ Tan Hoon Siong (Retired on 30.06.2022)

Chairman

Yeoh Beng Sang (Retired on 30.06.2022)

Member

REGISTERED OFFICE

Suite 1301, 13th Floor, City Plaza
Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim
Tel No. : 607-3354988
Fax No.: 607-3354977

COMPANY SECRETARIES

Yong May Li (f) (LS 0000295)
(SSM Practicing Certificate No. 202008000285)
Tham Yap Mey (f) (MIA 29389)
(SSM Practicing Certificate No. 202008001870)

BUSINESS OFFICE

PH1, Austin 18
Jalan Austin Perdana 3,
Taman Austin Perdana
81100 Johor Bahru
Johor Darul Takzim
Tel No. : 607-2121333
Fax No. : 607-2121222
Website : www.gromutual.com

AUDITORS

BDO PLT
201906000013(LLP0018825-LCA & AF 0206)
Suite 18-04, Level 18, Menara Zurich
15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru
Johor Darul Takzim
Tel No.: 607-3319815
Fax No.: 607-3319817

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 603-27839299
Fax No.: 603-27839222

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Public Bank Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Bursa Securities)
Main Market

PROFILE OF THE BOARD OF DIRECTORS

Teo Yu Yin (Male), aged 52, Malaysian, was appointed as a Non-Independent Non-Executive Director of Gromutual on 25 May 2015 and re-designated as Non-executive Chairman on 30 June 2022. He graduated with a Bachelor of Science from Latrobe University, Australia in 1993. He joined Jones Lang Wootton in Johor Bahru as a property consultant until 1997. Presently, he is the Managing Director of Securityhub Corporation Sdn. Bhd.

Teo Yu Hong (Male), aged 44, Malaysian, was appointed as an Executive Director of Gromutual on 29 November 2010 and re-designated as Managing Director on 1 June 2017. He graduated from the University of Melbourne with a Bachelor of Civil Engineering in 2001. After graduation, he joined a concrete product company as sales engineer and later joined Gromutual in 2004 as project manager. In 2008, he had been promoted to be the Business Development Manager responsible for exploring business venture and opportunity of the group. Currently, he is responsible for the overall operations, business development and strategic direction of Gromutual Group.

Chew Kwee Hiok (Female), aged 59, Malaysian, was appointed as an Executive Director of Gromutual on 23 November 2004. She was appointed as Deputy Managing Director of Gromutual on 1 January 2010 and was re-designated as Deputy Managing Director cum Chief Executive Officer on 25 May 2015. She completed her Diploma in Building from Tunku Abdul Rahman College in 1988. Upon graduation, she joined one of the leading developers in Johor Bahru as a marketing executive and later joined Idealbase Sdn. Bhd. in 1995 as a Director. Currently, she oversees the business operations and activities of Gromutual Group. She is also a Registered Real Estate Agent since 1997.

Teo Yu Yang (Male), aged 38, Malaysian, was appointed as a Non-Independent Non-Executive Director of Gromutual on 1 October 2019. He graduated with a Bachelor of Automotive Engineering from University of Sunderland, Sunderland, UK. After graduation, he worked as Part Executive at Auto Bavaria Penang from 2008 until 2010 and later as Service Consultant at Cycle and Carriage Johor until 2012. Presently, he is the General Manager and Executive Director of Vermi Industries Sdn. Bhd.

Tan Chia Hon (Female), aged 47, Malaysian, was appointed as a Non-Independent Non-Executive Director of Gromutual on 1 June 2022. She graduated from Monash University, Australia with Bachelor of Commerce majoring Accounting and Finance in 1997. She is a Chartered Accountant of Malaysia Institute of Accountants, a licensed tax agent, a member of the Chartered Tax Institute of Malaysia and a member of Australian Society of Certified Practising Accountants. Upon graduation, she worked in Deloitte Kassim Chan Tax Services for 4 years and later worked in Gromutual as Finance Manager for 8 years. Subsequently she joined her family firm, Teo & Associates as Audit Manager and later on become Audit Partner in 2017.

YH Dato' Chong Keap Thai @ Cheong Keap Tai (Male), aged 74, Malaysian, was appointed as an Independent Non-Executive Director of Gromutual on 23 November 2004 and re-designated as Non-Independent Non-Executive Director on 1 June 2015. He graduated from the University of Singapore with Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants, a Member of the Malaysian Institute of Certified Public Accountants, member of Chartered Tax Institute of Malaysia and a Member of the Institute of Chartered Secretaries and Administrators. He is also a licensed tax agent. He was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse, he was the Executive Director and Partner of PricewaterhouseCoopers and Chairman of the Governance Board of the firm until his retirement in December 2003. Currently, he is a Director of YTL Corporation Berhad and Tanah Makmur Berhad.

Wong Wen Tak (Male), aged 41, Malaysian, was appointed as an Independent Non-Executive Director of Gromutual on 25 May 2015. He graduated from the University of Oxford with a Bachelor of Economics and Management in 2001. After graduation, he joined PwC London under Audit and Assurance where he worked for almost 4 years. Subsequently he joined G4S plc, then listed on the London Stock Exchange as a Senior Internal Auditor from 2007 to 2009. In April 2009, he joined the family firm, M.S. Wong & Co. and the firm subsequently merged with the Johor operations of Grant Thornton Malaysia PLT in 2018. Presently, he is the Chief Executive Officer of the Johor office of Grant Thornton Malaysia PLT. He is a Chartered Accountant and member of Malaysian Institute of Accounting and Fellow Member of Institute of Chartered Accountants in England and Wales.

PROFILE OF THE BOARD OF DIRECTORS (continued)

Chan Chong Wey (Male), aged 48, Malaysian, was appointed as an Independent Non-Executive Director of Gromutual on 1 June 2022. He graduated from Royal Melbourne Institute of Technology University, Australia, with a Bachelor of Business (Accountancy). Upon graduation, he was attached to a Big 4 Accounting Firm in Malaysia for more than 22 years. Currently, he is managing his own audit practice. He is a qualified Chartered Accountant and a member of Malaysian Institute of Accountants and fellow member of CPA Australia. Presently, he is a Director of Harn Len Corporation Berhad.

SR Hj Abdul Khalid Bin Abdul Rahman (Male), aged 56, Malaysian, was appointed as an Independent Non-Executive Director of Gromutual on 30 December 2022. He graduated from University Technology of Malaysia with Bachelor of Surveying (Property Management) in 1989. He joined Colliers, Jordan Lee & Jaafar (JH) Sdn. Bhd. in 1991 as Valuation and Research Officer and become Head of Research Division in 1994. Upon he obtaining his registration with the Board of Valuer, Appraisers & Estate Agent in 1998, he was appointed as the Associate Director and in 2009 as an Executive Director of the same company, which was later changed to Asettz Sdn. Bhd. He was often appointed by Johor Bahru High Court as Assessor. His experience and skills in valuation are well diversified in all sectors covering the scope from retail to corporate inclusive for listing purpose mainly in landed properties, development, plantation, plant and machinery as well as property management. He is among the pioneers in doing the land acquisition in Johor and also for the oil palm plantations. In 2016, he founded Asian Pullprop Sdn. Bhd.

Family Relationship of Directors

Save as disclosed below, none of the Directors has any family relationship with any Directors and/or major shareholders of the Company:-

- 1) Teo Yu Yin is the son of Teo Choon Kiat @ Teo Chuan Kit (Substantial Shareholder); and
- 2) Teo Yu Yang is the son of Teo Ah Bah @ Teo Chuang Kwee (Substantial Shareholder).

Conflict of Interest

Save as disclosed in the directors' profile, none of the directors has any conflict of interest with the Company.

Conviction of Offence

None of the directors has conviction for any offences within the past 5 years (other than traffic offences, if any) and there was no sanction or penalty imposed by the relevant regulatory bodies during the financial year.

Securities Holdings

The particulars of the directors' shareholdings are set out in page 103 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

The management team is headed by the Managing Director, Teo Yu Hong and Deputy Managing Director cum Chief Executive Officer, Chew Kwee Hiok. They are the Key Senior Management and their profiles are set out in the Profile of the Board of Directors on page 9 of this Annual Report.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Gromutual Berhad ("Gromutual" or "the Company"), I am pleased to present you the 2022 Annual Report of the Company and the Financial Statements of the Group and of the Company for the financial year ended 31 December 2022 ("FY2022").

FINANCIAL PERFORMANCE

The financial year under review witnessed all economic sectors fully reopened in April 2022 from an endemic phase of Covid-19. However, the property market environment remains challenging owing to inflationary pressure particularly from escalating material prices, interest rate hike and labour shortages.

Despite the prevailing challenges and uncertainties, for the financial year ended 31 December 2022, the Group generated a revenue of RM54.2 million and a profit before tax of RM13.0 million. There has been a drop in profit mainly due to higher construction costs and delay in new project launches in the year.

Basic earnings per share was reduced to 2.43 sen in FY2022 as compared to 3.33 sen in the preceding year.

Nevertheless, the financial position of Gromutual remained healthy with total assets of RM483.9 million as at end of FY2022, compared to RM451.3 million as at end of FY2021. Net assets per share for FY2022 is at RM1.02 per share, compared to RM1.00 per share for FY2021.

A more detailed review of the Group's performance is covered under the section on "Management Discussion and Analysis" in this Annual Report.

DIVIDEND

The Board had paid out an interim single-tier dividends of 0.50 sen per share during the financial year. The dividend pay-out of RM1.9 million was distributed to shareholders on 6 October 2022. The dividend declared represented approximately 21.0% of the Group's FY2022 net profit.

The Board is not proposing any final dividend in respect of FY2022.

APPRECIATION

On behalf of the Board, I am pleased to welcome Mr. Chan Chong Wey, Ms Tan Chia Hon and SR Hj Abdul Khalid Bin Abdul Rahman to the Board. I also wish to take this opportunity to express my sincere appreciation to our former Board members Mr. Tan Hon Kiat @ Tan Hoon Siong, who had served as the Chairman of the Company and the Group since the listing of the Company with the Bursa Malaysia in 2004, Mr Yeo Beng Sang and Encik Azahar Bin Baharudin for their commitment and dedication in guiding Gromutual over the past years.

I also would like to express my gratitude to the Management and staff for their persistent commitment, dedication, enthusiasm and efforts contributed to the Group. My appreciation also goes out to our shareholders, associates, clients, bankers, contractors, suppliers and agencies for your kind co-operation and continued support to the Group.

Finally, my special thanks to my fellow Board members for their counsel, guidance and invaluable contributions in these challenging times. We look forward to their continued support and confidence in Gromutual in the years ahead.

Teo Yu Yin
Non-Executive Chairman
Date: 06 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

OUR HISTORY AND BUSINESS OVERVIEW

Gromutual Berhad was listed on the Main Board of Bursa Securities in the year 2004. It is now the intermediate holding/immediate holding company for 18 subsidiary companies whose activities are mainly in property development and property management.

The Gromutual Group of Companies ("Gromutual" or "the Group") have grown steadily over the years and have undertaken property development in Melaka and Johor States. The development products range from landed residential, commercial buildings, high rise versatile business suites and industrial parks.

The Group has also strengthened its income base by investing in investment properties that provide steady stream of recurring rental income. The investment portfolio includes student/worker apartments at Melaka, industrial buildings at Kulai and commercial units at Austin 18, Johor Bahru.

Over the years, Gromutual has developed its businesses organically. Despite the challenging business environment with slower economic momentum, property development remains the mainstay of the Group's business, contributing to approximately 86% of the Group's revenue in 2022. This is underpinned by the Group's business strategy of supplying affordable home within the reach of the median income population and supplying commercial and industrial property development for entrepreneurs.

Apart from property development, the property management serves as the secondary business of the Group which contributed revenue of about 10% of the Group's total earnings. The remaining 4% of the Group's revenue is generated from small scale business operations such as oil palm plantation.

FINANCIAL REVIEW

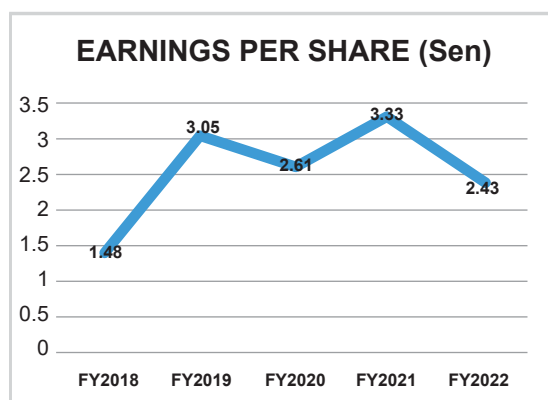
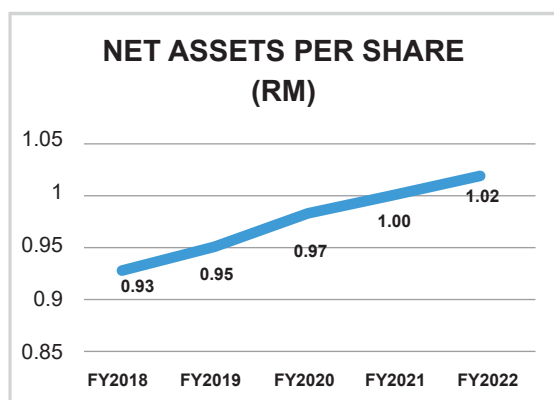
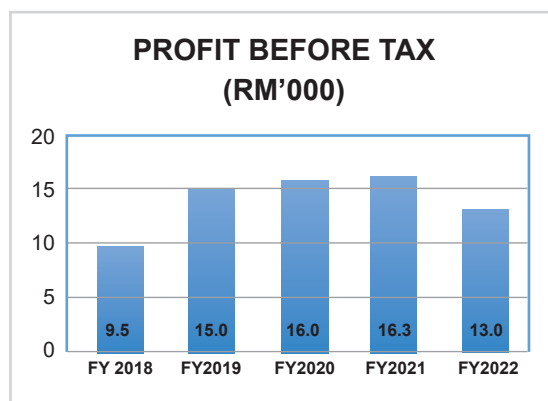
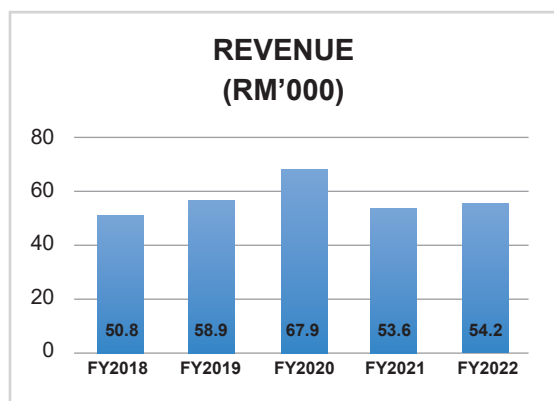
For the year ended 2022, the Group registered a revenue of RM54,190,660, a marginal increase from the previous year's revenue of RM53,629,789. There was a drop of 5% or RM2,447,175 in sales generated from property development to RM44,564,180 from RM47,011,355 in 2021 due to the delay in the new project launches. Nevertheless, there was an increase of 63% or RM2,084,198 in rental revenue of property management from RM3,307,927 in 2021 to RM5,392,125 in 2022, as a result of students returning to in campus learning and letting out of some apartments as worker accommodation in 2022. In addition, higher oil palm plantation revenue of RM2,193,323 was posted in 2022 as compared to RM1,549,828 in 2021.

The profit attributable to owners of the Group dropped by approximately 27% or RM3,382,494 from RM12,492,828 in year 2021 to RM9,110,334 recorded in year 2022. The drop in profit was mainly due to higher construction costs resulting from acute shortage of supplies and delay in new project launches in the year.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

(continued)

The Group's overall financial performance for 2022 remained profitable and sustainable. While the property sector will continue to face various challenges but the Group's long term growth prospects will remain positive as the Group has always been strategic in developing and launching affordable to mid-priced properties.



Liquidity, Capital Resources and Capital Expenditure

The Group's capital expenditure and working capital requirements were financed by firstly, cash generated from operations and secondly, long-term debt financing and working capital financing provided by the financial institutions.

As at end of 2022, current assets were recorded at 2.68 times the value of current liabilities which was higher than that of 2.46 times as at end of 2021 and remained good in financial strength.

The cash and bank balances of the Group increased by 74% or RM20,242,652 to RM47,453,762 in 2022 as compared to RM27,211,110 in 2021. Apart from that, cash and cash equivalents surged by 1100% or RM24,497,346 from deficit of RM2,227,113 as at 31 December 2021 to surplus of RM22,270,233 as at 31 December 2022.

Gearing Ratio

The gearing ratio (long-term and short-term bank borrowings over total equity) of the Group is sustained at 0.21 times as at 31 December 2022 compared to 0.16 times in the last financial year. The low gearing ratio of the Group during the financial year of 2022 indicate that the Group has a healthy cash flow position which enable the Group to execute its strategic objectives in creating values over the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

(continued)

REVIEW OF OPERATING ACTIVITIES

The Group has two (2) core operating segments comprised of Property Development and Property Management:-

(i) Property Development

With over 30 years of experience in property development, the Group has carved out a niche in residential, commercial and industrial development. The Group has gained good reputation of being a trustworthy developer for timely delivery of quality properties. The long-term prospect of the Group remains positive.

In the coming years, Gromutual plans to launch more affordable properties in Melaka and Johor states. Industrial properties will be developed for our Tropika Industrial Park ("TIP") in Plentong and Ayer Hitam Industrial Park ("AHIP") in Ayer Hitam as well as the recently acquired industrial lands at Senai Airport City.

The Group will continue to focus in developing more affordable to mid-range properties for growing middle income ("M40") population where the demand for the property development projects is sustainable.

At the same time, the Group will continue letting out its unsold commercial/industrial inventories to entrepreneurs for setting up and expanding their businesses. The short-term recurring rental income will complement the earnings for property development.

The Group has always been looking for land banks, in places where Gromutual has presence such as in Johor and Melaka. The Group committed to develop property with hassle free design concept and layout associated with good environment and amenities where the buyer can envision and find the joy to live and work there.

(ii) Property Management

Gromutual has been engaged in the student apartments business since 2001. The Group owned and managed 4 blocks of serviced apartments in Melaka to meet the demand of students for well organised and secured accommodation. The apartments are mainly occupied by the students from Multimedia University, Melaka Campus ("MMU"). Presently, the occupancy rate for the service apartment rented for student accommodation has increased from 19% to 74% following the return of students attending in campus learning.

In view of the increasing demand for certified worker accommodation, the Group has converted 2 blocks of student's apartments to workers accommodation in 2022. Presently, we have about 1,100 headcounts in the workers accommodation. Besides managing the residentials, the Group also leased out all industrial buildings in Kulai to manufacturers and all the ground floor commercial units in Austin 18 in 2022.

KEY RISK FACTOR EXPOSURE

The property market outlook remains challenging in the year ended 31 December 2023. It is essential for Gromutual to stay competitive in securing and sustaining its position in the market. Gromutual will remain prudent and cautious in planning its development projects to meet the market demand and providing quality services to our customers and tenants. The Group will adopt effective sales and marketing approach to maximise the profit margin.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

(continued)

OUR FUTURE OUTLOOK

(i) Property Development

The Management would be vigilant to ensure that the existing operations are well managed. In addition, Gromutual will be prudent and cautious in any investment and potential development projects.

Even though the short-term outlook can be uncertain, Gromutual's performance in its development of residential properties is expected to continue and be profitable in year 2023.

The long-term outlook of Gromutual is positive and there are plans for mixed-use developments comprising of residential, commercial, lifestyle and entertainment components. The Group is confident that it will remain resilient with a continuous stream of profitable projects in the pipeline.

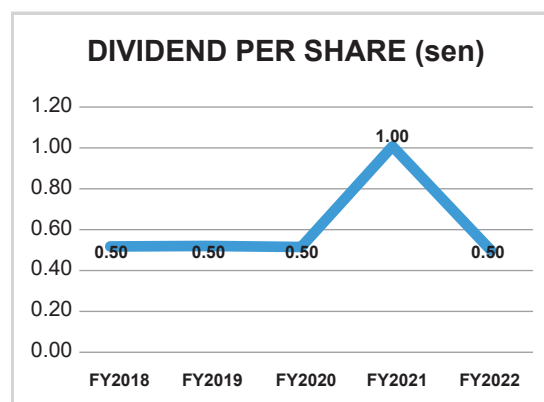
(ii) Property Management

The Group's property management segment will continue to contribute recurring income for the Group and will complement the earnings from the property development activities.

Gromutual's property management team in Melaka is committed to continuously enhance and improve the environment and to provide conducive services to its residents. In addition, the Group will continue to seek suitable investment for stable and recurring rental income.

DIVIDEND

The Board does not maintain fixed dividend pay-out ratio. The Board declares dividend as and when it deems fit after taking into account of the liquidity position and investment needs of the Group.



This statement is made in accordance with a resolution of the Board dated 6 March 2023.

SUSTAINABILITY STATEMENT

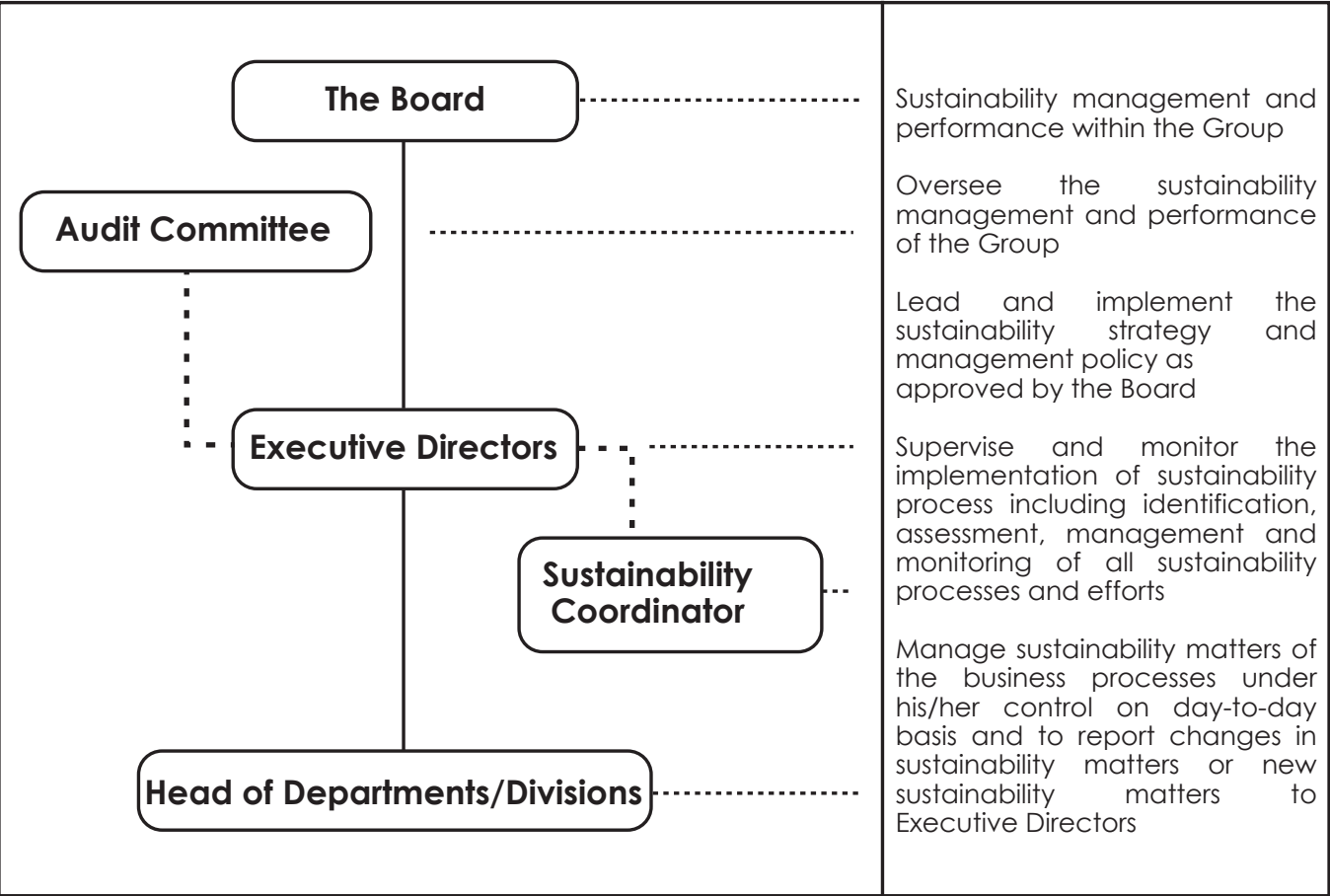
OUR STATEMENT

The Board of Directors of Gromutual Berhad and its group of companies ("Gromutual" or "the Group") acknowledge that our business is judged not solely on our financial performance but also on our long-term strategies and conduct in respect of achieving good governance, economically positive, environmentally friendly and socially responsible to sustain our business and maintain its profitability in this challenging environment so as to create value to our stakeholders on long term.

We are pleased to present the Sustainability Statement of Gromutual. The contents provide the information, initiative and performance overview of our Economic, Environmental, Social and Governance ("EESG") values within the Group during the financial year ended 31 December 2022.

OUR SUSTAINABILITY GOVERNANCE STRUCTURE

The governance structure of the Group is established in the following manner:







SUSTAINABILITY STATEMENT (continued)

OUR STAKEHOLDER'S ENGAGEMENT

Delivering value to respective stakeholders targeting their diverse needs is the main objective of Gromutual. Thus, engaging stakeholders through various channels and encourage participation are central for the Group in implementing the sustainability strategy and achieving its objective.

The sustainability engagement approach may be carried out on a formal or informal basis is tabulated as below:

Stakeholder	Matter of Concern	Engagement Approach
 Employee High	<ul style="list-style-type: none"> • Human and labour rights • Career development and growth • Discrimination • Remuneration commensurate with job responsibilities • Training opportunities and job security • Occupational Safety & Health • Employee healthcare Insurance 	<ul style="list-style-type: none"> • Official letter of engagement • Telephone and face-to-face conversation • Electronic mail system • In-house training • Education reward • Employees training programme • Knowledge sharing platform • Online and offline meeting • Internship programme
 Customers High	<ul style="list-style-type: none"> • Value for money • Accessibility • Service quality • Timeliness • Sustainable design • Environmental friendly 	<ul style="list-style-type: none"> • Official letter • Telephone and face-to-face conversation • Electronic mail system • Online customer enquiry system • Marketing event and promotion • Virtual Tour • Customer satisfaction survey • Social media engagement
 Government & Regulators Moderate	<ul style="list-style-type: none"> • Compliance with law and regulations 	<ul style="list-style-type: none"> • Official submission and official letter • Public dialogue involving government officials and public announcement • Telephone and face-to-face conversation • Electronic mail system • Web appointment • Site inspection and site visit
 Contractors & Suppliers Low	<ul style="list-style-type: none"> • Payment practice • Purchasing practices • Business sustainability 	<ul style="list-style-type: none"> • Letter of award, letter of engagement and tender/quotation process • Site meeting and progress report • Telephone and face-to-face conversation • Electronic mail system
 Investors Least	<ul style="list-style-type: none"> • Long term sustainable growth • Diversification • Risk management • Group governance 	<ul style="list-style-type: none"> • Group website • Public announcement • Annual reports • Annual general meeting • Quarterly financial result
 Media Least	<ul style="list-style-type: none"> • Environmental and social issues • New service/product launch 	<ul style="list-style-type: none"> • Group website • Public announcement • Annual reports • Quarterly financial result • Social media platform • Press release

SUSTAINABILITY STATEMENT (continued)

OUR MATERIALITY ASSESSMENT

We assessed the significance of each of the sustainability issues identified on its level of impact and influence to the Group, based on internal rating criteria and methodology. The following are the ten (10) material sustainability issues for 2022.

ECONOMIC	ENVIRONMENTAL	SOCIAL	GOVERNANCE
4 Procurement and Spending Practices	7 Compliance (Environmental)	1 Occupational Safety and Health	3 Anti-bribery & Anti-corruption
6 Indirect Economic Impact	8 Product and Services Responsibility (Environmental)	2 Product and Services Responsibility (Social)	
		5 Human Rights	
		9 Labour Practice	
		10 Compliance (Social)	

ECONOMIC SUSTAINABILITY

Sustainability and Business Strategies

Gromutual strives through the difficult time with its business partners, tenants and customers by maintaining its operational agility against acute shortage of construction supplies and labour.

Despite the challenging ahead, Group continues to adopt preference of local resources to foster and sustain inclusive growth of local economy.

Procurement and Spending Practices

Gromutual remains committed to the engagement of local sources during procurement for all project developments and property management such as materials, contractors, suppliers, and employees. The Group adopts systematic and transparent procurement procedures to ensure selection of right resources. Contractors and suppliers were reviewed and material sourcing was quality-assured to ensure conform to the sustainable matters. The preferred engagement of contractor and suppliers, and standardisation of materials sourcing were recorded and archived.

Local Employment

For Year 2022, Gromutual achieved 100% of local recruitment which provide 55 jobs opportunities to the local communities. Through this local recruitment policy, Gromutual gains better knowledge and understanding of the local communities' needs and local authorities' regulations, which therefore provides valuable information to the Group for effective development, management, marketing planning and strategies. The relationship between the local communities will be better enhanced and harmonised.

Apart from bringing development to the local communities, we are also bringing the job opportunities and employment to the local communities as part of our Group's initiative to promote and enhance local economy growth per se in local communities.

SUSTAINABILITY STATEMENT (continued)

ENVIRONMENTAL SUSTAINABILITY

Compliance (Environment)

Gromutual's development plan to move synchronously with local requirements and the management ensure compliance with applicable rules and regulations from commencement till completion of the project.

Upon commencement of project, preventive measures such as sediments and erosion control are in placed to ensure minimum disturbance to the environment and local community. During the construction, close monitoring of the construction progress and implementation of safety measures ensuring delivery of quality products as well as mitigate accident in workplace. At the completion of project, timely delivery of developed units with certification of completion and compliance to purchasers.

Product and Service Responsibility (Environmental)

Gromutual recognises the direct and indirect impact of materials used toward the eco system and surrounding environment. As part of Gromutual continuation and improvement of sustainability commitment to provide better living environments and quality projects developments, the Group manages the raw material used on site to minimise wastage, toxic substances and harmful emission.

In this context, the Group constantly procures and reviews the quality of materials used in projects site. Materials used are to be endorsed or certified for approved by the relevant government authorities and agencies like The Construction Industry Development Board ("CIDB") and Standards and Industrial Research Institute of Malaysia ("SIRIM").

The Group practices 'Reuse, Reduce & Recycle' policy in project development sites. The Group encourages our contractors to minimize wastage of resources during building construction stage. Materials wastes generated from the construction sites are either recycled for reuse or transported out from the project sites to the designated disposal sites in accordance with the rules and guidelines of the relevant authority. All employees are also encouraged to minimise wastage of resources, such as recycling used paper, double sided printing, control of lighting and air conditioner usage and water consumption.

The Group aims to provide unique and prominent building design to the buyers at the same time fully support the government efforts on conservation of energy and water in daily life. In the building design concept, the Group endeavors to provide optimum natural light and natural ventilation in every building, thus promoting the saving of energy in daily life. As part of our effort to conserve the water resources, the Group has installed rainwater harvesting system in every of its semi-detached and bungalow house designs.

Customer Engagement & Product Satisfaction

Gromutual's success relies on providing quality products and outstanding customers services. Properties buyer's satisfaction and engagement is vital to the Group's business operation and sustainability. The feedback and opinions of the customers are pivotal to build projects to meet their tastes, requirements and expectations. Gromutual's projects products are based on the customers demand and trend in the current property market.

Gromutual has always emphasised on achieving long-term customer satisfaction, trustworthiness and harmonious relationship in branding its reputation. Gromutual has implemented an innovative online system "Customer Enquiry" into our website to allow open communication between our customers and to cater the needs, queries and updated information of our customers.

SUSTAINABILITY STATEMENT (continued)

SOCIAL SUSTAINABILITY

Occupational Safety and Health

Safety and health on Gromutual's premises and worksites are a top priority. The Group places paramount importance on protecting employees, contractors, customers, investors as well as general public in the workplace from accidents, injuries and exposure to a harmful environment. The Group works towards an accident-free and disease-free working environment.

We will continue to comply with all relevant health and safety laws and regulations, such as Occupational Safety and Health Act, 1994. We are also committed to building a culture of safety and health within the organisation in which employees are aware of and adopt the safe practices and healthy lifestyle.

Furthermore, as precautionary measure, we adhere to Standard Operating Procedure ("SOP") and government guidelines in combat to Covid-19 announced from time to time. The requirement of wearing face masks for employees, customers and visitors, full vaccination for all the contractor's construction workers, regular hand sanitisation and virtual meeting, have been widely practiced.

The Group has not suffered any serious accidents or fatality during the financial year 2022.

Improve the Lifestyle of Communities

In FY 2022, Gromutual continues to uphold the Malaysia Family Concept, we believe that the recreation area plays an important socializing space in bringing along a healthy living lifestyle, enhancing the value and well-being of the local communities.

Our Group's projects recreation area is well planned with landscape, trees, grass, walking paths, benches and playground equipment and facilities.

Through the provision of greenery together with other equipment and facilities, the recreation areas provide a socialising and get-to-know platform for our customers either with their families or neighbourhood, this will be inculcating the spirit of neighborhood and 'Family Malaysia' in the local communities.

As a reputable and trustworthy Developer, the Group endeavors to provide harmonious environment and quality products to the customers. The Group always emphasises on the importance of maintaining and preserving the environment as the core of sustainability.

Making Housing Affordable

Gromutual strongly believes that in playing its role as a socially responsible corporate citizen, it creates business sustainability and enhances value for all its stakeholders. We strive to make a positive difference to the communities in which we live and operate.

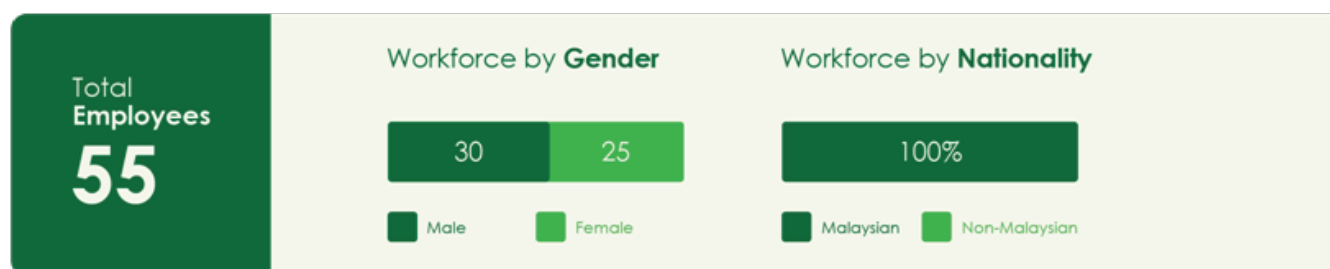
Over the years, the Group has complied to the Government's call to build more affordable and medium range residential houses for the people. Focusing on affordable housing will help us gain customer loyalty, reaching out to new audiences and expand our market.

Human Rights and Labour Practice

A diverse workforce provides innovative ideas from different perspectives and values which is the foundation of positive business growth. We exercise equal opportunity in our hiring practices and career development, with advancement opportunities based on performance and merit.

We also respect the human rights of all individuals and groups that may be affected by our operations. The Group has a zero-tolerance policy on bullying, harassment and discrimination based on race, ethnicity, religion, gender, sexuality, nationality, age or disabilities. The Group's workforce as at 31 December 2022 stood at 55 personnels.

SUSTAINABILITY STATEMENT (continued)



GOVERNANCE SUSTAINABILITY

Anti-bribery and Anti-corruption Practice

Good governance is the foundation of building trust among the stakeholders. Gromutual strives to maintain the highest standards of integrity, accountability and governance in its daily operations. The Group establishes policies and internal processes with specific guidance areas to ensure compliance at the workplace.

As we recognise the importance of establishing our own Code of Ethics and Conduct in workplace to guide our management and employees in a structured manner. Our Anti-bribery and anti-corruption Policy have been formalised to curb illegal, unethical, and improper business conduct such as fraud, bribery, theft, conflict of interest etc. In additional, operational limits of authority and procedures have been in place to mitigate abuse of power, misuse of assets and fund.

The implementation of Whistle-Blowing Policy encourages stakeholders and employee to raise their concerns without fear of reprisal, discrimination or adverse consequences. Zero incidents of unethical behaviour or whistleblowing cases have been reported this financial year.

All policies listed above are readily available on the Group's corporate website: www.gromutual.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Gromutual Berhad ("Gromutual" or "the Company") recognises the importance to ensure that good corporate governance practices are applied throughout the Company and its subsidiaries ("the Group"). Hence, the Board fully supports the Principles and Practices of good corporate governance practices (including the intended outcomes) as promulgated by the Malaysian Code of Corporate Governance ("MCCG") to direct and manage the business and affairs of the Group towards promoting business prosperity and corporate accountability so as to realise the long-term shareholders' value and the interest of other stakeholders.

This overview statement sets out the overview of the manner in which the Group has applied the Principles set out in the MCCG and the extent of compliance with the Principles of MCCG advocated therein in accordance with Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") and Practice Note 9 of Bursa Malaysia Securities Berhad ("Bursa Securities").

On the other hand, the application of each practice set out in the MCCG during the financial year are disclosed in the Corporate Governance Report prescribed by Bursa Securities and announced the same together with the announcement of this Annual Report in accordance with Paragraph 15.25 and Practice Note 9 of MMLR. The CG Report is available for download at the Company's website at www.gromutual.com.

The CG Overview Statement should be read in conjunction with the CG Report to provide comprehensive disclosure of the application of each Principle and Practice set out in the MCCG during the financial year.

The following disclosure statements provides an overview of the Company's application of the Principles set out in MCCG that has been in place throughout the financial year ended 31 December 2022.

Principle A – Board Leadership and Effectiveness

Board Responsibilities

The Group is headed by an experienced Board and which is collectively responsible in leading the Group towards achieving its vision and goals. The roles and responsibilities and the application of the MCCG's practice are disclosed in Practice 1.1 of the CG Report.

The Board is guided by the Board Charter approved by the Board and is led by a Non-Executive Chairman to ensure its effectiveness and efficacy. Together with other Non-Executive Directors, he leads the Board in the discussion on the strategies and policies recommended by the Management. A summary of the responsibilities of Chairman is disclosed in Practice 1.2 of CG Report.

The roles of the Chairman, Managing Director ("MD") and the Deputy Managing Director cum Chief Executive Officer ("CEO") are separated with clear division of responsibilities between them to ensure balance of power and authority.

The Executive Directors are responsible for managing the businesses of the Group and the development and implementation of strategies approved by the Board and the financial and operational performance of the Group.

The Independent and Non-Executive Directors play an important role in ensuring that the strategies proposed by the Management are fully deliberated and examined, to ensure that the interest of all shareholders and stakeholders and general public are given due considerations in the decision-making process.

All directors had committed sufficient time and effort to carry out their responsibilities as required and had notified the Chairman before accepting any new directorship.

All Directors have confirmed that their directorship in listed companies do not exceed five (5) to meet the expectation on time commitment and in compliance with the Listing Requirements.

In discharging its duties efficiently and effectively, the Board is assisted by two (2) Company Secretaries and the details of the Company Secretaries are disclosed in Practice 1.5 of CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

- **Board Charter**

The Board is guided by a formal Board Charter approved by the Board. The Board Charter sets out the composition, roles, functions, responsibilities and power of the Board and Board Committees of the Company as well as roles and responsibilities of the Chairman of Board, Managing Director ("MD") and the Deputy Managing Director cum Chief Executive Officer ("CEO"). The Charter defines the specific responsibilities and matters reserved for the Board, delegation of authorities, commitment by the directors, coordination and communication between the Senior Management and Board and more specifically, to clarify the accountability of both the Board and Management for the benefit of the Company and its shareholders. The Charter also specifies the board size and composition (including diversity policy), appointment and election process, independence of independent directors, board and directors' assessment, board proceedings, directors' training, confidentiality and disclosure of interest, investor relations and shareholders' communication, access to information and advice and code of ethic and conduct. The Board Charter is available at the Company's website at www.gromutual.com.

Further disclosure on the details of Board Charter is disclosed in Practice 2.1 of CG Report.

- **Code of Ethics and Conduct, Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy**

The Board is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations while also ensuring business sustainability by avoiding conflict of interest and preserving valuable resources, confidentiality and privacy.

The Directors and employees of the Group observe and adhere to the Code of Ethics and Conduct ("the Code") established by the Board. The Code is established to create a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct. (Practice 3.1 of CG Report)

In addition, the Directors and employees are also need adhere to the discipline and rules as stated in the employees' manual.

To foster an environment where integrity, and ethical behaviour are maintained, the Board has put in place a formal Whistleblowing Policy to encourage employees and other interested parties to disclose their concerns about and or instances of any improprieties including illegal, unethical or improper business conduct within the Group. (Practice 3.2 of CG Report)

At the same time, the Board has in accordance with the requirements of Paragraph 15.29 of Listing Requirement of Bursa Securities adopted the Anti-Bribery and Anti-Corruption Policy, to prevent corrupt practices, and to provide a measure of assurance and a defence against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The Code of Ethics and Conduct, Whistleblowing policy and Anti-Bribery and Anti-Corruption Policy are all made available on the Company's website at www.gromutual.com.

- **Board Meetings**

The Board meets at least four (4) times a year at quarterly intervals and additional meetings shall be convened when necessary to perform its main function to assist in the development and monitoring of the implementation of strategic plans and policies, overseeing the conduct and operations of the businesses of the Group and ensuring appropriateness of internal control and effectiveness of risk management. The Board is always mindful of the importance of business sustainability in conducting the Group's business. Further information on the Group's sustainability activities can be found in the Sustainability Statement on page 16 to 21 of this Annual Report. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information, i.e. minutes of board committees' meetings and previous meeting as well as board papers, no later than five (5) working days before the meeting to enable them to have sufficient time in obtaining a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

During the financial year ended 31 December 2022, four (4) Board Meetings were held. The attendance records of the members are as follows: -

	No. of Meetings Held	Attendance
Executive Directors:-		
Teo Yu Hong	4	4
Chew Kwee Hiok (f)	4	4
Non-Executive Directors:-		
Teo Yu Yin	4	4
YH Dato' Chong Keap Thai @ Cheong Keap Tai	4	4
Teo Yu Yang	4	4
Tan Chia Hon (f) <i>(Appointed on 1.6.2022)</i>	2	2
Tan Hon Kiat @ Tan Hoon Siong <i>(Retired on 30.6.2022)</i>	2	2
Independent Directors:-		
Wong Wen Tak	4	4
Chan Chong Wey <i>(Appointed on 1.6.2022)</i>	2	2
SR Hj Abdul Khalid Bin Abdul Rahman <i>(Appointed on 30.12.2022)</i>	0	0
Yeoh Beng Sang <i>(Retired on 30.6.2022)</i>	2	2
Azahar Bin Baharudin <i>(Retired on 30.12.2022)</i>	4	4

All meetings of the Board are duly recorded in the Board minutes by the Company Secretaries. The Company Secretaries also attended all the Board Meetings of the Company. The Company Secretaries ensure that all Board meetings are properly convened, and that accurate and proper records of the deliberations, proceedings and resolutions passed are maintained in the statutory register at the registered office of the Company.

Supply of Information

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities.

Besides direct access to management staffs and company secretaries, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

Board Composition

The Company is headed by an experienced Board comprises of two (2) Executive Members, four (4) Non-Independent Non-Executive Members and three (3) Independent Non-Executive Members which is 33.33% of the Board thus complying with Paragraph 15.02 of the Listing Requirements of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be independent, to ensure that there is sufficient independent element in the Board to provide the necessary check and balance within the Board. It is the responsibility of the Board to ensure that all members of the Board possess the necessary leadership experience, skilled, financial literacy and diverse background, integrity and professionalism to discharge their duties and responsibilities diligently and effectively.

The above composition is a departure from Practice 5.2 of MCCG which requires that at least half of the Board comprises of independent directors. However, through formal assessments conducted on the Board and Board Committees and the independence of the independent directors, the Board concluded that the non-executive directors and independent directors had demonstrated their independence and objectivity in their conducts and dealings with the Group at the Board and Board committees' proceedings. They are professionals who have a diverse range of skills, knowledge and experiences in relevant fields. Therefore, adequate degree of independence is maintained and there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board will continue to monitor and review the adequacy and effectiveness of the independence and objectivity element within the Board from time to time to ensure its adequacy and effectiveness. (Practice 5.2 of CG Report)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Independent Directors

Independence of the candidates to act as independent directors are assessed by Nominating Committee prior to their appointment based on formal nomination and selection process with the results of the review reported to the Board for consideration and decision.

On annual basis, all Independent Non-Executive Directors are subjected to independence assessment based on prescribed criteria on their independence for the Nominating Committee's review and recommendation to the Board to form an opinion on the independence of the Independent Non-Executive Directors. Based on the above assessment performed in 2022, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors, and their ability to bring independent and objective judgement to board deliberations.

The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. In the event the Independent Director to remain serving in that capacity for more than nine (9) years, the Board shall justify and seek shareholders' approval through a single-tier voting process as opposed to the two-tier voting process required in the coming Annual General Meeting. (Practice5.3 of CG Report).

The Company does not have term limits or adopted any policy for the retention of the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs as long as their independence are maintained. Nevertheless, the Board shall adopt the 12-year tenure limit for Independent Directors from date of Independent Directors' first appointment and the amendment is to be effective on 1 June 2023.

Board Committee

The Board has delegated certain responsibilities to the Board Committees, namely, Audit Committee, Nominating Committee and Remuneration Committee, all of which operate within their respective defined Terms of Reference approved by the Board. The Terms of Reference for each committee is made available in the Company's website at www.gromutual.com. The Chairman of the Committees report to the Board on the outcome of the Committee meetings. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

• Audit Committee

The composition and Terms of Reference of the Audit Committee, the number of meetings held, attendance, and activities carried out during the financial year are available in the Audit Committee Report on page 33 to 36 of this Annual Report.

• Nominating Committee

The Nominating Committee comprises exclusively of Non-Executive Directors, majority of whom are independent.

The Nominating Committee members and the attendance records for meeting held during financial year ended 31 December 2022 are as follows:-

Nominating Committee	No. of Meetings Held	Attendance
Chan Chong Wey (<i>Appointed on 30.6.2022 and Redesignated as Chairman on 30.12.2022</i>)	1	1
YH Dato' Chong Keap Thai @ Cheong Keap Tai	2	2
SR Hj Abdul Khalid Bin Abdul Rahman (<i>Appointed on 30.12.2022</i>)	0	0
Yeoh Beng Sang (Chairman) (<i>Retired on 30.6.2022</i>)	1	1
Azahar Bin Baharudin (<i>Redesignated as Chairman on 30.6.2022 and Retired on 30.12.2022</i>)	2	2

The details of the members of the Nominating Committee are set out in the Profile of Board of Directors section of this Annual Report.

The full details of the Nominating Committee's Terms of Reference are published in the Company's website at www.gromutual.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

During the year under review, the Nominating Committee had carried out the following:

a) Evaluation of Board, Board Committees and Individual Directors Performance

On annual basis, the Company Secretaries circulate to each director the relevant assessment and review forms/questionnaires for assessment and adoption by Nominating Committee in relation to the aforementioned evaluation with sufficient time for all the directors to complete in advance of the meeting of the Nominating Committee and the Board in order for the Company Secretaries to collate the assessment/review results for the Nominating Committee to review and report to the Board.

During the financial year, the Nominating Committee had conducted the annual evaluation to assess the effectiveness of the Board as a whole and its Board Committees, self-assessment and peer-assessment for individual Directors based on specific criteria. All evaluation processes were properly documented and noted by the Board.

The annual evaluation assesses the Board's performance based on the following areas:

- i. Board Mix and Composition – Board size, adequate degree of independence, mix of expertise, experience and skills
- ii. Quality of Information and Decision Making – adequate and sufficient information presented for decision making, communication on information needs, measures taken to avoid conflict of interest during deliberation and decision making and adequate access to management
- iii. Boardroom Activities – time allocation for meetings, sufficiency in the identification and management of key business risk and review of system of internal control.

The Board Committees performance evaluation evaluates the Audit Committee, Nominating Committee, Remuneration Committee based on:

- i. having the right composition
- ii. having the sufficient and relevant expertise
- iii. making of useful recommendations in assisting the Board in making decisions
- iv. discharging of responsibilities in accordance to respective Terms of Reference
- v. well informed on the details of deliberation to the Board sufficiently and timely.

Individual Directors are evaluated through self-assessment and peer assessment on the following areas:

- i. Contribution to interaction – attendance, participation, taking of constructive stand, confronting conflicts where necessary and participating in finding solutions
- ii. Quality input – ability to provide logical honest opinions and unique insight, prioritising context of issues to be in line with objectives, analytical and conceptual skills and communication skills
- iii. Understanding of role – add values, understand individual responsibility and ensure relevant contribution and focus on accomplishing the objectives.

Based on the evaluations conducted for the Board, Board Committees and Individual Directors for financial year ended 31 December 2022, the Board, through the summary of assessment results presented by the Nominating Committee, were satisfied with the composition, performance and effectiveness of the Board, Board Committees and Directors.

b) Assessment of Independence

In ensuring that the Independent Non-Executive Directors remain independent and free from any business or other relationship which could interfere with the exercise of independent judgement or ability to act in the best interest of the Company, the Board, through the Nominating Committee conducted the annual assessment on the independence and objectivity of independent Non-Executive Directors through self-assessment with the use of "Independent Directors Evaluation Form" focusing on independency and objectivity criteria.

Based on the review of the assessment form for financial year ended 31 December 2022, the Nominating Committee concluded that the Independent Directors met the requirement as 'Independent Director' as defined under paragraph 1.01 of MMLR and that all the three (3) Independent Non-Executive Directors remain objective and able to exercise independent judgement and act in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

c) Recommended the re-election of retiring Directors on rotation to the Board

In accordance to the Clause 76(3) of the Constitution of the Company, 1/3 of the Directors shall retire from the Board and shall be eligible for re-election. During the financial year, the Nominating Committee had reviewed the Directors' Fit and Proper assessment and the annual assessment results of the Individual Director's performance and contribution to the Board and recommended to the Board on the re-election of retiring Directors at the forthcoming Annual General Meeting. The retiring Directors are also subjected to confirmation on their character, experience, integrity, competence and time, as outlined under Paragraph 2.20A of Main Market Listing Requirement.

d) Recommended the appointment of Director and re-election

Appointment of any new Director to the Board and Board Committees is through recommendation of candidates for directorship to the Nominating Committee for consideration and assessment. The Nominating Committee will also explore external independent services, such as, recommendations from external auditors and other professional service providers, to identify suitably qualified candidates for nomination and assessment prior to recommending the candidate(s) to the Board for approval.

The Board has established a clear and transparent nomination/recruitment process for the appointment of new Director as and when required for the Company and clearly laid down in the Terms of Reference of the Nominating Committee. The nomination process involves the following five (5) stages:

- i) Identification of candidates;
- ii) Evaluation on the suitability of candidates;
- iii) Meeting up with candidates;
- iv) Final deliberation by Nominating Committee; and
- v) Recommendation to Board.

In identification of suitable candidates, the Nominating Committee will review the existing mix of diversity (including age, ethnicity and gender) in the Board to ensure the appointment of new director to the Board remain sufficiently diversified and satisfied the gender diversity policy established.

The evaluation on the suitability of candidates takes into consideration of the qualification, character, skill, experience and time commitment to the Board as well as Directors' Fit and Proper assessment with effective from 1 July 2022.

During the financial year ended 31 December 2022, there were appointment of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director to the Board to replace the retirement of one (1) Non-Executive Chairman and two (2) Independent Non-Executive Directors. (Practice 5.5 of CG Report)

o Board Diversity

The Company recognises the value diversity can bring to the Board. This will create an environment where each generation and gender could bring different skills, experience and talents to the Board. It is the Board's policy of diversity to include age, ethnicity and gender diversity. Presently, the Board has two (2) female directors, comprising one (1) executive director and one (1) non-executive director. Whilst the Board has not met the target of 30% women directors set out in the MCCG, it will continue to seek diverse Board members of the highest calibre with the necessary strength, experience and skills to meet the needs of the Group. The Company encourages the employees of their Group to undergo continuous professional training as well as to take on operational and general management experience on a balanced basis. These efforts are important to nurture their talent and potential to take on senior management positions as part of the Group's succession planning. (Practice 5.9 of CG Report)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

o Directors' Training

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as Directors. In addition, any newly appointed directors will be given briefings and orientation by the Executive Directors and Management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors.

All the Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training, by attending seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties.

During the financial year ended 31 December 2022, all the Directors have attended various workshops, seminars and conferences organised by the regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the latest regulatory requirements and developments. The details are as follows:-

<u>Director</u>	<u>Workshops/Seminars/Conferences</u>
Chew Kwee Hiok (f)	<ul style="list-style-type: none"> - Understand Withholding Tax on Commission Under Section 107D (17 Mar 2022) - What are the Fundamentals a Real Estate Agent Needs to Know When Conducting the Building Inspection for Sub-sale Properties (23 Nov 2022) - Strata Management Tribunal: Procedure & Issues (9 Dec 2022)
Teo Yu Hong	<ul style="list-style-type: none"> - Strata Management Tribunal: Procedure & Issues (9 Dec 2022)
Teo Yu Yin	<ul style="list-style-type: none"> - Strata Management Tribunal: Procedure & Issues (9 Dec 2022)
Teo Yu Yang	<ul style="list-style-type: none"> - Strata Management Tribunal: Procedure & Issues (9 Dec 2022) - Master Class™ Practical Managerial Skills for Young/New Managers (21-22 Dec 2022)
Tan Chia Hon(f)	<ul style="list-style-type: none"> - Mandatory Accreditation Programme (MAP) (23-25 Aug 2022)
YH Dato' Chong Keap Thai @ Cheong Keap Tai	<ul style="list-style-type: none"> - Virtual MIA International Accountants Conference 2022 (8-9 Jun 2022) - MPERS and SMEs Financial Reporting Conference 2022 (28 Jun 2022) - National Tax Conference 2022 (2-3 Aug 2022) - International Standard on Quality Management (ISQM) – An Overview and Implementation of ISQM 1, ISQM 2 & ISQM 220 (Revised) (4 Oct 2022)
Wong Wen Tak	<ul style="list-style-type: none"> - Withholding Taxes and Other Related Tax Issues (12 Apr 2022) - GTIL IFRS Masterclass: IFRS 15 Trip Wires (26-28 Apr 2022) - GTIL IFRS Masterclass: To provide, or impair or something else? (5-7 Jul 2022) - GTIL IFRS Masterclass: IFRS 17 Insurance Contracts for Non-Insurers and IFRS 9 Financial Instruments Selected Issues (6-8 Sep 2022) - MFRS 16 Leases and Covid-19 – Related Rent Concessions (30 Sep 2022) - GTIL IFRS Masterclass: IFRS for Groups (4-6 Oct 2022)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Chan Chong Wey	- Financial Reporting - Understanding the Roles of Board and Management of Financial Statements (6 Jan 2022) - Mandatory Accreditation Programme (MAP) (15-17 Feb 2022) - MFRS 136 Impairment (19 July 2022) - ISQM 1 Guide and Illustrative Manual (20 Oct 2022)
Azahar Bin Baharudin	- Sustainability and ESG Awareness Training (22 Nov 2022)

• Remuneration Committee

The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package for Directors and Senior Management so as to attract, retain and motivate the Directors and Senior Management. The Remuneration Committee is guided by formal Terms of Reference. Further disclosure on the Remuneration Committee and Remuneration Policy and Procedure are disclosed in Practice 7.1 and 7.2 of CG Report.

The Remuneration Committee comprises exclusively of Non-Executive Directors. Their attendance records are as follows:-

Remuneration Committee	No. of Meetings Held	Attendance
YH Dato' Chong Keap Thai @ Cheong Keap Tai (Redesignated as Chairman on 30.6.2022)	1	1
Teo Yu Yin (Appointed on 30.6.2022)	1	1
Tan Chia Hon (f) (Appointed on 30.6.2022)	1	1
Tan Hon Kiat @ Tan Hoon Siong (Chairman) (Retired on 30.6.2022)	0	0
Yeoh Beng Sang (Retired on 30.6.2022)	0	0

The details of the members of the Remuneration Committee are set out in the Profile of Board of Directors section of this Annual Report.

The full details of the Remuneration Committee's Terms of Reference are published in the Company's website at www.gromutual.com.

The remuneration of all Directors for the financial year ended 31 December 2022 are disclosed in Practice 8.1 of CG Report. As regards the remuneration of the Group's senior management team, the Board is of the view that the disclosure of these details would not be in the best interests of the Group due to confidentiality and the competitive nature of the industries in which the Group operates, as well as for business and personal security reasons.

Economics, Environment and Social Sustainability

In order to promote sustainability of the Group's businesses, one of the business strategies adopted by the Board is to ensure the economics, environmental, social and governance aspects of the businesses undertaken are well taken care of. The Group upheld the principle to maintain effective sustainability management on a continuous basis in order to contribute positively to the socio-economic development of the communities, to promote environmental friendly business practices and to uphold good governance practice.

Please refer to the Sustainability Statement for the governance structure and process employed as well as the identification, assessment, management and reporting of sustainability matters during the financial year under review and up to the date of this Annual Report.

Principle B – Effective Audit and Risk Management

The Audit Committee is tasked with the oversight role on the effectiveness of Audit and Risk Management. The composition and Terms of Reference of the Audit Committee, the number of meetings held, attendance, and activities carried out during the financial year are available in the Audit Committee Report on page 33 to 36 of this Annual Report and Practice 9.1 to 9.5 of CG Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Relationship with External Auditors

The Board always maintains professional and transparent relationship with the External Auditors. The Audit Committee meets with the External Auditors at least twice a year without the presence of the management to discuss their Audit Plans, their audit findings, the financial statements and other special matters that require the attention of the Audit Committee and the Board's attention.

The Audit Committee has formal policies to assess the suitability, objectivity and independence of the external auditors. These policies also include a requirement that a former key audit partner must observe a cooling-off period of three years before being appointed as a member of the Audit Committee. None of the Audit Committee members were formerly audit partners of the Group's external auditors.

The Audit Committee has also considered the nature of other non-audit services provided during the year by the External Auditors and satisfied that the quantum of the non-audit fees of RM11,000 do not in anyway compromise their independence.

Risk Management

The Board recognises the importance of Risk Management in pursuing the Company's objective. Identifying, evaluating and managing any significant risk faced by the Group is an ongoing process which is undertaken in various stages:- (i) by Executive Directors; (ii) by Management; (iii) by Internal Auditors; and (iv) by the Audit Committee, which review and examine all risk issues highlighted by the Executive Directors and Management and the findings of the internal audit and external audit and recommend remedial actions and where necessary to report significant matter to the Board for their information and appropriate actions. The details of the framework and risk management process are disclosed in Statement on Risk Management and Internal Control on page 37 to 40 of this Annual Report and Practice 10.1 and 10.2 of the CG Report.

Internal Control & Internal Audit Function

The Board recognises the importance of sound internal control for good corporate governance. As such, an internal audit function is continuously reviewed and strengthened. The internal audit function is outsourced to a professional firm to assist the Audit Committee to review and determine the state of internal control of the Group and to highlight areas for management and operational improvement.

The state of internal control and internal audit function of the Group is explained in greater details in Statement on Risk Management and Internal Control on page 37 to 40 of this Annual Report and Practice 11.1 & 11.2 of the CG Report.

Financial Reporting

The Board is responsible for and approve all financial statements, both annual financial statements to shareholders and quarterly announcements of financial results after they are reviewed by the Audit Committee to ensure of their accuracy, adequacy and completeness of information and compliance with the Companies Act 2016, relevant accounting standards and other regulations prior to their release to public and regulatory authorities.

Directors' Responsibility Statement

The Board is responsible for the financial statements of the Group and the Company to present a true and fair view of the financial position of the Group and the Company as at the end of each financial year and of the financial performance and the cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Board, through the assistance of Audit Committee has taken various steps to ensure that:-

- i) Appropriate accounting policies are adopted and applied consistently;
- ii) Estimates and judgements made are prudent and reasonable;
- iii) Malaysian accounting standards and disclosure requirements of listing requirements are complied;
- iv) The financial statements are prepared in compliance with the Companies Act 2016 and Main Market Listing Requirements of Bursa Securities; and
- v) The financial information announced to Bursa Securities is accurate, up-to-date and on timely basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

The Board confirms that the financial statements of the Group and the Company have been prepared on a going concern basis, in compliance with all applicable accounting standards and appropriate accounting policies have been applied consistently and are based on judgements and estimates that are reasonable.

The Directors are responsible for ensuring that the Group and the Company maintain proper accounting records that disclose with accuracy the financial position of the Group and of the Company so as to ensure that these financial statements comply with the Companies Act 2016 and all other appropriate laws and regulations. The Directors are also responsible for taking necessary steps to safeguard the assets of the Group, and to prevent and detect fraud as well as other irregularities.

Principle C – Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

• Corporate Disclosure and Stakeholders Communication

The Company recognises the value of being transparent and honest in the communications with investment community and regulatory authorities and all stakeholders. The corporate disclosure mechanisms are established by the Board and guided by the Board Charter. The Board provides timely disclosure of all material information of the Group to the shareholders through release of quarterly financial results, announcements and distribution of Annual Reports. In addition, shareholders, investors and members of the public are able to access such announcements on Bursa Securities' website at www.bursamalaysia.com and other information via the Company's website at www.gromutual.com.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report disclosed comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are governed by the MMLR.

Shareholders, investors and members of the public may also forward their queries to the Company at Tel: 607-2121333, Fax: 607-2121222, Email: gromutualbhd@gromutual.com or through the enquiry form accessible through the Company's website at www.gromutual.com

(Practice 12.1 of CG Report provides further disclosure of the above)

• Encourage Shareholder Participation at General Meetings Voting

The General Meetings (the "GMs") also serves as the communication platform between the shareholders and the Board. During the GMs, the shareholders are encouraged to raise questions and seek clarification on the business activities of the Group, agenda of the meetings and its proposed resolutions that were provided at least 28 days prior to the meeting pursuant Practice 13.1 of MCCG.

To encourage shareholders' participation at GMs, the Company allows a shareholder to appoint a proxy to represent him to attend to GMs and no qualification of proxy is imposed. The appointment of proxy(ies) can be made electronically via Share Registrars' website, TIIH Online website at <https://tiih.online>. This electronic voting option allows real time appointment of proxy(ies) without discerning those shareholders in remote locations and from other countries.

The Remote Participation and Voting ("RPV") facilities from the Share Registrar would require the shareholders or proxies or corporate representatives or attorneys to pre-register their attendance for the Annual General Meeting to ascertain their eligibility to participate the Annual General Meeting using the RPV. To prevent any unintended interruption or data violation, only the verified and approved registration would be allowed to participate.

As recommended by Practice 13.2 of MCCG, all Directors will attend the General Meeting in order to facilitate and provide more meaningful response to questions raised by shareholders.

Adequate time is given during GMs to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters.

Summary of key matters and results of resolutions will be posted on the Company's website at www.gromutual.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

- **Poll Voting**

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company must ensure that any resolution set out in the notice of General Meetings is voted by poll. All resolutions will put forth for shareholders' approval at the 20th Annual General Meeting to be held on 29 May 2023 are to be voted by way of poll voting.

Additional Disclosures Under MMLR

a) Utilisation of Proceeds

The Company did not implement any funds raising exercise during the financial year ended 31 December 2022.

b) Material Contract

There was no material contract and loan subsisting at the financial year ended 31 December 2022 or entered into since the end of financial year by the Company and its subsidiaries which involve the interests of Director, Chief Executive who is not a director and major shareholders.

c) Options, Warrant or Convertible Securities

During the financial year ended 31 December 2022, the Company did not issue any options, warrants or convertible securities.

d) Audit and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to the external auditor and its affiliated companies and firms by the Group and the Company for financial year ended 31 December 2022 were as follows:-

	The Group RM	The Company RM
Audit Fees	124,000	25,000
Non-Audit Fees	11,000	3,500

The non-audit fees comprise mainly of review of HDA accounts and review of statement on risk management and internal control.

e) Recurrent Related Party Transactions of a Revenue or Trading Nature (RRPT)

During the financial year ended 31 December 2022, there was no RRPT of which shareholders' mandate was obtained pursuant to Paragraph 10.09 (2) of MMLR requiring disclosure under Practice Note 12.

Key Focus Areas and Future Priorities

The key focus areas of the Board on corporate governance practices are continual alignment with the Group's corporate governance practices and relevant charter, policies and Terms of Reference with the latest development in MCCG and updates of MMLR. In addition, the Board will continue to conduct appraisal process and to review the assessment criteria from time to time to ensure that the Board, the Board Committees and individual directors are assessed for their competency, contribution and effectiveness. The Board will strive to further enhance the disclosures in relation to corporate governance practices throughout the Group during the financial year.

Going forward the Board will further strengthen the composition of the Board, the independent and transparent elements within the Board.

This statement is made in accordance with a resolution of the Board dated 6 March 2023.

AUDIT COMMITTEE REPORT

1. Committee Members

The members of the Audit Committee as at the date of this Annual Report are as follows:-

Name	Designation	Directorship
Wong Wen Tak	Chairman	Independent Non-Executive Director (Member of MIA)
YH Dato' Chong Keap Thai @ Cheong Keap Tai	Member	Non-Independent Non-Executive Director (Member of MIA)
Chan Chong Wey (Appointed on 30.6.2022)	Member	Independent Non-Executive Director (Member of MIA)
SR Hj Abdul Khalid Bin Abdul Rahman (Appointed on 30.12.2022)	Member	Independent Non-Executive Director
Yeoh Beng Sang (Retired on 30.6.2022)	Member	Independent Non-Executive Director
Azahar Bin Baharudin (Retired on 30.12.2022)	Member	Independent Non-Executive Director

All members of the Audit Committee shall be financially literate and at least one member of the Audit Committee fulfils the qualification under Paragraph 15.09 (1) (c) of Main Market Listing Requirements ("MMLR").

The profiles of the members are presented on page 9 to 10 of this Annual Report.

2. Terms of Reference

The Terms of Reference of the Audit Committee is accessible under the "About", "Corporate Governance" section on the Company's website at www.gromutual.com.

The Audit Committee oversees matters relating to financial reporting, external audit, internal audit, related party transactions, conflict of interest situation and compliance with legal and regulatory requirements, as well as the establishment of an effective and sound framework of internal control.

3. Meeting

The attendance records of the members of the Audit Committee meetings for the financial year ended 31 December 2022 are as follows:-

Audit Committee	No. of Meetings Held	Attendance
Wong Wen Tak (Chairman)	4	4
YH Dato' Chong Keap Thai @ Cheong Keap Tai	4	4
Chan Chong Wey (Appointed on 30.6.2022)	2	2
SR Hj Abdul Khalid Bin Abdul Rahman (Appointed on 30.12.2022)	0	0
Yeoh Beng Sang (Retired on 30.6.2022)	2	2
Azahar Bin Baharudin (Retired on 30.12.2022)	4	4

The meetings were conducted with the quorum of majority of members present at the meeting who are independent directors.

The meetings were appropriately structured through the dissemination of notices of meeting and agendas, which were distributed together with the minutes of the previous meeting and relevant papers and reports to the members at least five (5) business days before the meetings so that sufficient time are allowed for review by the members for the proper discharge of their duties and responsibilities in compliance with the Main Market Listing Requirements and Audit Committee's Terms of Reference.

AUDIT COMMITTEE REPORT (continued)

The Finance Director and Senior Accounts Manager are invited to attend each meeting and the representatives from the external and internal auditors are also invited to attend and brief the members on specific issues during the meeting when necessary.

The Company Secretaries are the Secretaries of the Committee and are responsible to draft the agenda with the Chairman and circulating it prior to each meeting.

4. Summary of Activities

During the financial year ended 31 December 2022, the summary of work performed by Audit Committee are as follows: -

a) Reviewed the quarterly financial statements of the Group

At each quarterly meeting, the Audit Committee reviewed the unaudited quarterly financial results including the notes to the accounts after it was presented by the Finance Director. The review focused on the key financial results including breakdown results by the operating segments, reason for the variances and the future prospect on the Group's performance as discussed with the Management. The quarterly financial statements were then recommended to the Board for approval prior to the lodgment and announcement to Bursa Securities in timely manner.

b) Reviewed the Audited Financial Statement and Audit Results with external auditors

During the financial year, the Audit Committee reviewed with the external auditors their Audit Completion Report ("AC Report") on their audit findings for the audit conducted on the financial statements of the Group for the financial year ended 31 December 2021. The AC Report included the audit progress, significant changes to audit plans if any, their findings on significant audit matters that required the attention of the Audit Committee, key audit matters that would be included in their audit report, any non-compliance with any laws and regulations, fraud-related matters and review of litigations and claims.

In addition, the Audit Committee reviewed the Statement of Risk Management and Internal Control ("SORMIC") and held discussion with the external auditors on their findings on the review of the SORMIC, if any before the SORMIC was presented to the Board for approval to be included in the Annual Report.

The Audit Committee also reviewed the audited financial statements of the Group for the financial year ended 31 December 2021 to satisfy themselves that the financial statements are properly prepared in accordance with applicable accounting standards and statutory requirements before they were presented to the Board for their approval and to be included in the Annual Report.

c) Reviewed the suitability and independence of external auditors

During the financial year, the Audit Committee conducted the evaluation of the performance and independence of the external auditors to determine and confirm their suitability and competency and made recommendation to the Board for their reappointment as the statutory auditor of the Group for shareholders' approval at the Annual General Meeting. The Audit Committee reviewed among others the quality of services and availability of resources, communication and the professional fees as well as the Annual Transparency Report of the external auditors. The Audit Committee also received written confirmation from the external auditors through their Audit Planning on their independence.

d) Reviewed the external audit plan and scope of work for the year with external auditors

During the financial year, the Audit Committee reviewed the audit plan presented by the external auditors for financial year ended 31 December 2022 to confirm and to satisfy themselves of adequacy of the audit plans which outlined the term of engagement and reporting responsibilities, audit approach, areas of significant audit attention, audit engagement team, timeline, proposed audit fees and updates on laws and regulations and the financial reporting. The audit plan reviewed with the external auditors was presented to the Board for their approval before the commencement of audit engagement so that the audit can be carried out effectively.

AUDIT COMMITTEE REPORT (continued)

e) Held private session with external auditors without the presence of Management

During the financial year, the Audit Committee had two private sessions with the external auditors, one on 22 February 2022 after the audits for their feedbacks on their audit carried out including cooperation from the Management on the audit, on specific audit and non-audit issues (if any) that arose in the course of the year ended 31 December 2021 annual audit of the Group and any concern or professional issues in their course of audits and on 28 November 2022 to review the audit plan for the year ending 31 December 2022 and other related matters as stated in paragraph (d) above.

f) Reviewed and discussed with the internal auditors on the adequacy of the scope, functions, and resources, internal audit plan and internal report.

During the financial year, the Audit Committee had conducted the evaluation of the performance and independence of the internal auditors and reviewed their staff resources and was satisfied with their independence, resources, experience and competency. The Audit Committee also received, reviewed and discussed with the internal auditors, the internal audit charter and internal audit plan for the year prepared after taking into consideration of the risks and concerns identified by the Management team. The internal audit plan is then recommended it to the Board for approval.

During the financial year, the Audit Committee reviewed and discussed with the internal auditors their internal audit report which containing the findings, recommendations and agreed management action plans for the internal audit performed based on the previously approved internal audit plan.

The oversight role of the Audit Committee on outsourced internal audit function is available in the Statement of Risk Management and Internal Control located on page 37 to 40 of this annual report.

g) Review of Statements to be Made in Annual Report

During the financial year, the Audit Committee reviewed and agreed to the Audit Committee Report, Statement on Corporate Governance and Statement on Risk Management and Internal Control before these reports are recommended to the Board for approval and for their inclusion in the Company's financial year ended 31 December 2021 Annual Report.

5. Internal Audit Functions

The objective of the internal audit is to provide an independent assurance to the Audit Committee and the Board on the adequacy and effectiveness of the Risk Management and Internal Control system. The internal audit is part of the Group's governance system, and in accordance to the MCCG, the internal audit is required to review the internal control activities. Internal audit's goal is to focus mainly on risk-based audits, aligned with the risks of the Group, that are related to operations and compliance to ensure that the relevant controls addressing those risks are reviewed for their adequacy and effectiveness.

The Group outsourced its internal audit to an independent professional firm to undertake the internal audit functions to assist the Audit Committee to discharge its duties. The activities of the internal audit during the year under review included:

- (i) Developed the annual internal audit plan based on the Management's assessment of key business risks and risk evaluation and their ratings by the Audit Committee after any adjustment made for the existing business climate and economic condition and proposed the plan to the Audit Committee for approval.
- (ii) Conducted scheduled internal audit engagement, focusing primarily on the effectiveness of internal control and recommended improvements where necessary. It was planned that all aspects and areas of the operation and business activities of all the entities of the Group would be subjected to an internal audit within 3 years on rotation basis. The main activities for the year 2022 were:

AUDIT COMMITTEE REPORT (continued)

Project Management

- In-Progress Project Management and Monitoring
- Progress Claim Management
- Variation Order Management
- Quality Management
- Tender Management
- Subcontractor and Procurement Management

Governance Management

- Organisation and Reporting Structure
- Delegation of Authorities
- User Access Management

- (iii) Presentation of significant weaknesses and recommendations of appropriate measures to mitigate those weaknesses to the Audit Committee for their information, deliberation and approval and where necessary for the Audit Committee to recommend to the Board for certain actions to be taken.

The cost incurred for the internal audit function in respect of financial year ended 31 December 2022 was approximately at RM17,500.

Overview of the Group's approach in maintaining a sound system of risk management and internal control is stated in the Statement on Risk Management and Internal Control on page 37 to 40 of this Annual Report.

This report is made in accordance with a resolution of the Board dated 6 March 2023.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board is pleased to present the following Statement which outlines the state of risk management and internal control of the Group for the financial year ended 31 December 2022 and the period up to the date of approval of this Statement pursuant to Paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR"), Part II of Principle B of Malaysian Code on Corporate Governance 2021 ("MCCG"): Risk Management and Internal Control Framework and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

Responsibilities of the Board

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control which are essential part of the process in pursuing the Group's corporate objectives. During the year, the Board continues to enhance and review the system of risk management and internal control and actively identify, assess and monitor key business risks of the Group such that long term profitability and survival of the business is reasonably assured and to safeguard the investment of its shareholders and the assets of the Group. The system of internal control covers not only financial controls but operational and compliance controls and risk management. In view of the inherent limitations in any system of risk management and internal control, such system is designed to minimise the likelihood of fraud, material errors and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

Key Features and Processes of Internal Control

The key features and processes of the Group's internal control system are described below:

- (i) Board Committees (i.e. Audit Committee, Remuneration Committee and Nominating Committee) have been established to carry out duties delegated by the Board and are governed by written Terms of Reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the tasks set out in their Terms of Reference, the performance of the Group, from financial (i.e. quarterly report containing key financial results and comparison against corresponding period are presented to the Board for their review) and operational perspective. Business plans and business strategies are proposed by the Executive Directors to the Board for their review and approval after taking into account risk consideration and responses.

- (ii) A clear organisation structure that defined the level of responsibilities, clear reporting lines, proper segregation of duties and formal authority Approval Matrix Limit are in place. Management is committed to employ suitably qualified staff to ensure operational efficiency.

In addition, operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for effective decision making and execution in pursuit of the business objectives. Other communication channels, such as telecommunication (including, instant messaging) and data and network communication channels, are also employed to keep pace with the changing business environment.

Matters that require the Board and Management's attention are also highlighted for review, deliberation and decision making;

- (iii) The Board established the Code of Ethics and Conduct ("the Code") of the Group to strengthen a corporate culture within the Group to operate the businesses in an ethical manner and to uphold the highest possible standards of professionalism and exemplary corporate conduct. The Code of the Group which sets out the principles and standards of business ethics and conduct of the Group is applicable to all employees and directors of the Group;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

- (iv) An Anti-Bribery and Anti-Corruption Policy had been adopted by the Group in 2020 in accordance to Section 17A on corporate liability of the Malaysian Anti-Corruption Commission Act 2009. A Whistle-blowing policy was also established by the Board to provide all directors, management staffs and employees of the Group with mechanisms for employees and other interested parties to bring to the attention of the Audit Committee, Chairman and Top Management any concerns about possible improprieties such as in matters of financial reporting, compliance and other malpractices at the earliest opportunity on a confidential basis;
- (v) The “hands on” management style by the Executive Directors contributed to identification and rectification of issues arising from business operations and other related issues to ensure that the business strategies and profitability are aligned to corporate plans. Significant matters identified are also highlighted to the Board;
- (vi) Executive Directors conduct either physical or virtual meetings to review operational goals and budgets and to oversee the Group's financial performance, operation teams' performance and to maintain close communication among Management and operation teams as well as to monitor closely the Group's business activities and operations during the Covid-19 endemic with strict adherence to the guidelines issued by the Government;
- (vii) There is dissemination of latest changes to the governing rules and regulations to the relevant personnel and where necessary appropriate personnel are identified to attend in-house and external seminars that are relevant in performing their duties and responsibilities;
- (viii) Operation Manual has been updated detailing the policies, procedures and prescribed forms had been established for key operations of the company such as Project and Technical Management, Sales and Marketing and Hostel Management;
- (ix) Identify the related party transactions, if any, and ensure proper disclosure is made accordingly;
- (x) For monitoring and review on key risk areas identified, internal audits are carried out by the internal audit functions (which had been outsourced and reports directly to the Audit Committee). The internal audit functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results of the internal audits carried out are reported to the Audit Committee.

Key Features and Process of Risk Management Framework

The Board acknowledges that all areas of activities of the business of the Company and the Group involve certain risks. The Group's financial risk management policy seeks to ensure that adequate resources are available to manage all risks including credit risk, liquidity risk and interest risks. The Board assumes overall responsibility for the Group's risk management framework and formulates policies and procedures for the management of these risks.

Identifying, evaluating and managing any significant risks faced by the Group is an ongoing process which is undertaken in various stages:- (i) by Executive Directors; (ii) by Management; (iii) by Internal Auditors; and (iv) by the Audit Committee, who assesses and analyses any findings of the internal audit and external audit and reports to the Board. This process is continuously improved and has been in place for the year under review and up to the date of approval of this annual report.

During the financial year under review, the Board's function within the risk management framework that was exercised and managed primarily by Executive Directors through their participation in the operations and their meetings with the managerial levels and to ensure the adequacy and integrity of the system of internal control and risk management. The process for identifying and evaluating the significant risks affecting the business is carried out by all heads of departments at each operational level on a continuous basis, and the controls and procedures by which these risks are managed are also improved accordingly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Because of the size of the Group as well as the hands-on management of the executive directors and managerial levels, meetings both formal and informal are possible at the operational level at any time to review and update business plans and business strategies to ensure continuous profitability are in line with the Group's risk appetite. These changes or emergence of new key business risks and the corresponding control activities formulated are discussed during management meetings and are highlighted to the Board for review or rectification and approval.

Internal Audit Function

The Group internal audit function has been outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, to undertake the internal audit functions to provide assurance on the efficiency and effectiveness of the internal control and risk management processes implemented by the Management to manage key business risks and internal control system. The audit engagement of the outsourced internal audit function is governed by the engagement letter which include key terms covering purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.

The engagement director of the outsourced internal audit function is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global. The internal audits are carried out in accordance with International Professional Practices Framework established by the Institute of Internal Auditors Global. The internal audit function reports to the Audit Committee directly.

The oversight of the outsourced internal audit function by the Audit Committee includes the review by the Audit Committee of resources of the outsourced internal audit function in term of qualification and experience/exposure for the employees of the outsourced internal audit function tabled by the outsourced internal audit function during the financial year under review.

The internal audit function adopts a risk-based approach and prepares its internal audit plans based on the Group's key risk profile, after discussion and considering the views of the Management. Internal audit is performed based on the internal audit plans approved by the Audit Committee or any amendments thereof approved by the Audit Committee deemed necessary.

The internal control review procedures were designed to understand, document, evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluation through interviews with relevant personnel involved in the process under review, review of company's operation manual or standard operating procedures and/or process flows provided and observations of the functioning of such processes to be in compliance with results of the interviews and /or company's operation manual or standard operating procedures and/or process flows. Thereafter, testings of controls for the respective audit areas are carried on the samples selected.

Upon the completion of the internal audit works based on detailed audit program, the internal audit report is presented to the Audit Committee during one of its quarterly meetings for review and consideration. The internal audit report includes the audit findings and internal auditors' recommendations as well as the management responses and action plans for improvement and to resolve any issue. The Audit Committee reviews the findings and evaluates the concerns and issues and ensure that appropriate actions had been taken by the management in their response.

The Audit Committee reports the results of its review and actions implemented to the Board in order that the Board is updated to ensure that the existing internal controls and risk management processes are still in place and are sound. The issues or weaknesses raised by the internal audit had either been remedied or did not result in non-compliance of the Group policies and procedures, related listing requirements and laws that would require reporting to the relevant authorities or disclosed in the annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. Based on the procedures performed and evidence obtained, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe this Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.

Conclusion

The Board is of the view that the system of risk management and internal control being instituted throughout the Group is adequate, sound and effective and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The monitoring, review and reporting arrangements are in place to give reasonable assurance that the structure and operation of controls are appropriate for the Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director and the Deputy Managing Director cum Chief Executive Officer have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures had been continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard investments and the Group's assets as expected by the shareholders and other stakeholders of the Group.

This statement is made in accordance with a resolution of the Board dated 6 March 2023.

FINANCIAL STATEMENTS

CONTENTS	PAGE(S)
Directors' report	42 - 46
Statement by directors	47
Declaration by the director primarily responsible for the financial management of the Company	47
Independent auditors' report	48 - 51
Statements of profit or loss and other comprehensive income	52
Statements of financial position	53 - 54
Statements of changes in equity	55
Statements of cash flows	56 - 58
Notes to the financial statements	59 - 100

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors of **GROMUTUAL BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally involved in investments holding. The principal activities of the subsidiaries are mainly property development, property holdings and investments.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 15 to the financial statements.

RESULTS OF OPERATIONS

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

	The Group RM	The Company RM
Profit for the year	<u>9,110,334</u>	<u>7,112,365</u>
Profit attributable to:		
Owners of the Company	<u>9,110,334</u>	<u>7,112,365</u>

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.

DIVIDENDS

Since the end of the previous financial year, a single tier interim dividend of 0.50 sen per share amounting to RM1,878,040 was paid on 6 October 2022 in respect of the current financial year.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial 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.

DIRECTORS' REPORT (continued)

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 provision for doubtful debts and have satisfied themselves that there were no known bad debts to be written off nor any provision for doubtful debts required to be made; and
- (b) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

As at the date of this report, the directors are not aware of any circumstances:

- (a) which would require the writing off as bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company, 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 financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

As 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 financial 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 financial 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 the operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS' REPORT (continued)

DIRECTORS

The directors who held in office during the financial year and during the period from the end of the financial year to the date of this report are:

The Company

Teo Yu Yin
Teo Yu Hong
Chew Kwee Hiok
Teo Yu Yang
YH Dato' Chong Keap Thai @ Cheong Keap Tai
Wong Wen Tak
Tan Chia Hon (appointed on 1 June 2022)
Chan Chong Wey (appointed on 1 June 2022)
Sr Hj Abdul Khalid Bin Abdul Rahman (appointed on 30 December 2022)
Tan Hon Kiat @ Tan Hoon Siong (retired on 30 June 2022)
Yeoh Beng Sang (retired on 30 June 2022)
Azahar Bin Baharudin (retired on 30 December 2022)

Subsidiary Companies

Teo Yu Hong
Chew Kwee Hiok
Soh Yong Chong
Voong Long Yee
Teo Yu Yang (appointed on 1 June 2022)
Tan Hon Kiat @ Tan Hoon Siong (retired on 30 June 2022)
Teo Ah Bah @ Teo Chuang Kwee (retired on 30 June 2022)
Teo Choon Kiat @ Teo Chuan Kit (retired on 30 June 2022)
Choo Chin Yew (retired on 30 June 2022)

DIRECTORS' INTERESTS

The interests in shares of the Company and of its related corporation of those who were directors as 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 in Malaysia, are as follows:

	Balance as of 1.1.2022/ Date of appointment	No. of ordinary shares		Balance as of 31.12.2022
		Bought	Sold	
Shares in the Company				
Registered in the name of directors				
Direct interests				
Teo Yu Hong	10,017,973	-	-	10,017,973
Chew Kwee Hiok	2,222,094	-	-	2,222,094
Teo Yu Yin	9,957,973	-	-	9,957,973
Teo Yu Yang	9,000,000	-	-	9,000,000

DIRECTORS' REPORT (continued)

	Balance as of 1.1.2022/ Date of appointment	No. of ordinary shares		Balance as of 31.12.2022
		Bought	Sold	
Indirect interests				
Teo Yu Hong	128,500,000	-	-	128,500,000
Shares in the ultimate holding company, Accordant Holding Sdn. Bhd.				
Direct interests				
Teo Yu Hong	304,001	-	-	304,001
Teo Yu Yin	40,001	-	-	40,001

By virtue of Mr. Teo Yu Hong's interest in shares in the Company and ultimate holding company, he is also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company and ultimate holding company have an interest.

None of the other directors in office as at the end of the financial year, held shares or had any beneficial interests in the shares of the Company or its related companies during or as 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 those benefits included in the aggregate of remuneration received or due and receivable by directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and as 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' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	The Group RM	The Company RM
Salaries and other emoluments	3,361,310	18,000
Directors' fee	388,333	388,333
	<u>3,749,643</u>	<u>406,333</u>

DIRECTORS' REPORT (continued)

INDEMNITY AND INSURANCE

The Company maintains directors' liability 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 RM22,270.

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

ULTIMATE HOLDING COMPANY

The Directors regard Accordant Holding Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company for the financial year ended 31 December 2022 were as follows:

	The Group RM	The Company RM
Statutory audit	124,000	25,000
Non-statutory audit	11,000	3,500
	<u>135,000</u>	<u>28,500</u>

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

TEO YU YIN

TEO YU HONG

Johor Bahru
6 March 2023

STATEMENT BY DIRECTORS

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

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

Signed in accordance with
a resolution of the Directors,

TEO YU HONG

CHEW KWEE HIOK

Johor Bahru
6 March 2023

DECLARATION BY THE DIRECTOR PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

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

I, **TEO YU HONG**, the director primarily responsible for the financial management of **GROMUTUAL 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.

TEO YU HONG

Subscribed and solemnly declared by the abovenamed **TEO YU HONG** at **JOHOR BAHRU** in the State of **JOHOR** on 6 March 2023.

Before me,

SERENA KAUR (NO. J252)
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROMUTUAL BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gromutual Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 100.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 of the Group

(a) Revenue recognition for property development

Revenue from property development activities of the Group recognised for the financial year ended 31 December 2022 is disclosed in Note 4 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, which include estimation of total contract costs in applying the input method to recognise revenue over time.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROMUTUAL BERHAD

(Incorporated in Malaysia) (continued)

Key Audit Matter of the Group (continued)

Audit response

Our audit procedures included the following:

- (i) Reviewed contracts with customers to identify distinct and material performance obligations for both over time and at point in time revenue recognition;
- (ii) Assessed estimated total costs to complete through inquiries with management personnel of the Group and tested documentation to support cost estimates made;
- (iii) Compared estimated total cost to actual outcomes to assess the reliability of management's budgeting process; and
- (iv) Recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

(b) Fair value of investment properties

The Group's investment properties were carried at RM91.5 million as at 31 December 2022 as disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in assessing the fair value. The valuation assessment which are assisted by independent valuer using comparison method, are based on assumptions, amongst others with adjustments made to comparable transaction including location, size, building constructions, accessibility, improvements, present property market condition and other relevant characteristics.

Audit response

Our audit procedures included the following:

- (i) Obtained the independent valuation reports and assessed the competency, independence and integrity of the independent valuer;
- (ii) Discussed with valuer to understand the basis of adjustments made to transacted price per square foot by considering factors related to the characteristics of each individual property, such as location, accessibility, size, tenure and comparable transaction dates; and
- (iii) Benchmarked and challenged to external industry data on key inputs and comparable property transactions used by valuer.

Key Audit Matter of the Company

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

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 or conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROMUTUAL BERHAD

(Incorporated in Malaysia) (continued)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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:

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GROMUTUAL BERHAD

(Incorporated in Malaysia) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) 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.

Other Matters

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

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Johor Bahru
6 March 2023

Sia Yeak Hong
03413/02/2025 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	54,190,660	53,629,789	7,200,000	2,500,000
Cost of sales	5	(28,198,484)	(29,936,365)	-	-
Gross profit		25,992,176	23,693,424	7,200,000	2,500,000
Investment revenue	6	60,359	71,673	801,973	537,894
Other income		1,865,227	5,159,167	-	-
Administrative expenses		(13,836,934)	(11,590,972)	(711,368)	(634,971)
Finance costs	7	(957,931)	(1,034,527)	-	-
Other expenses		(140,995)	(11,285)	-	-
Profit before tax	8	12,981,902	16,287,480	7,290,605	2,402,923
Income tax expense	10	(3,871,568)	(3,794,652)	(178,240)	(107,175)
Profit for the year		9,110,334	12,492,828	7,112,365	2,295,748
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the year		<u>9,110,334</u>	<u>12,492,828</u>	<u>7,112,365</u>	<u>2,295,748</u>
Profit attributable to:					
Owners of the Company		<u>9,110,334</u>	<u>12,492,828</u>	<u>7,112,365</u>	<u>2,295,748</u>
Earnings per share					
Basic/Diluted (Sen)	11	<u>2.43</u>	<u>3.33</u>		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current Assets					
Property, plant and equipment	12	4,872,676	4,455,902	-	-
Investment properties	13	91,478,500	91,478,500	-	-
Land held for property development	14	221,493,169	199,787,621	-	-
Investment in subsidiary companies	15	-	-	175,830,419	175,830,419
Other receivable	20	1,797,900	-	-	-
Amounts owing by subsidiary companies	16	-	-	39,800,000	33,500,000
Total Non-current Assets		<u>319,642,245</u>	<u>295,722,023</u>	<u>215,630,419</u>	<u>209,330,419</u>
Current Assets					
Biological assets	17	-	70,000	-	-
Inventories	18	43,451,597	47,089,393	-	-
Land and development expenditure	19	60,430,793	55,113,275	-	-
Receivables	20	10,924,019	25,078,812	11,563	13,683
Amounts owing by subsidiary companies	16	-	-	178,697	93,779
Current tax assets		2,017,375	1,049,576	-	14,075
Cash and bank balances	21	<u>47,453,762</u>	<u>27,211,110</u>	<u>1,504,716</u>	<u>2,513,698</u>
Total Current Assets		<u>164,277,546</u>	<u>155,612,166</u>	<u>1,694,976</u>	<u>2,635,235</u>
Total Assets		<u><u>483,919,791</u></u>	<u><u>451,334,189</u></u>	<u><u>217,325,395</u></u>	<u><u>211,965,654</u></u>

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2022 (continued)

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	22	187,803,980	187,803,980	187,803,980	187,803,980
Retained earnings	22	<u>193,954,478</u>	<u>186,722,184</u>	<u>29,061,999</u>	<u>23,827,674</u>
Total Equity		<u>381,758,458</u>	<u>374,526,164</u>	<u>216,865,979</u>	<u>211,631,654</u>
Non-current Liabilities					
Bank borrowings	23	33,754,934	6,470,167	-	-
Deferred tax liabilities	24	<u>7,023,944</u>	<u>7,152,092</u>	<u>-</u>	<u>-</u>
Total Non-current Liabilities		<u>40,778,878</u>	<u>13,622,259</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Payables	25	14,470,709	8,216,612	416,833	334,000
Bank borrowings	23	46,042,611	54,321,448	-	-
Current tax liabilities		<u>869,135</u>	<u>647,706</u>	<u>42,583</u>	<u>-</u>
Total Current Liabilities		<u>61,382,455</u>	<u>63,185,766</u>	<u>459,416</u>	<u>334,000</u>
Total Liabilities		<u>102,161,333</u>	<u>76,808,025</u>	<u>459,416</u>	<u>334,000</u>
Total Equity and Liabilities		<u>483,919,791</u>	<u>451,334,189</u>	<u>217,325,395</u>	<u>211,965,654</u>

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		
		Share Capital	Distributable Reserve	Total Equity
	Note	RM	Retained Earnings RM	RM
The Group				
Balance as of 1 January 2021		187,803,980	177,985,435	365,789,415
Total comprehensive income for the year		-	12,492,828	12,492,828
Dividends	27	<u>-</u>	<u>(3,756,079)</u>	<u>(3,756,079)</u>
Balance as at 31 December 2021		187,803,980	186,722,184	374,526,164
Total comprehensive income for the year		-	9,110,334	9,110,334
Dividends	27	<u>-</u>	<u>(1,878,040)</u>	<u>(1,878,040)</u>
Balance as at 31 December 2022		<u>187,803,980</u>	<u>193,954,478</u>	<u>381,758,458</u>
The Company				
Balance as at 1 January 2021		187,803,980	25,288,005	213,091,985
Total comprehensive income for the year		-	2,295,748	2,295,748
Dividends	27	<u>-</u>	<u>(3,756,079)</u>	<u>(3,756,079)</u>
Balance as at 31 December 2021		187,803,980	23,827,674	211,631,654
Total comprehensive income for the year		-	7,112,365	7,112,365
Dividends	27	<u>-</u>	<u>(1,878,040)</u>	<u>(1,878,040)</u>
Balance as at 31 December 2022		<u>187,803,980</u>	<u>29,061,999</u>	<u>216,865,979</u>

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM (USED IN)					
OPERATING ACTIVITIES					
Receipts from customers		60,240,320	68,851,371	-	-
Payments to suppliers and employees		<u>(27,886,136)</u>	<u>(39,696,340)</u>	<u>(626,415)</u>	<u>(634,971)</u>
Cash Generated From (Used In) Operations		32,354,184	29,155,031	(626,415)	(634,971)
Finance costs paid		(1,872,156)	(1,893,573)	-	-
Income taxes paid		(4,746,086)	(6,156,327)	(121,582)	(175,624)
Income taxes refunded		<u>-</u>	<u>249,868</u>	<u>-</u>	<u>-</u>
Net Cash From (Used In) Working Capital		25,735,942	21,354,999	(747,997)	(810,595)
Payments for land held for property development		<u>(11,672,275)</u>	<u>(16,884,312)</u>	<u>-</u>	<u>-</u>
Net Cash From (Used in) Operating Activities		14,063,667	4,470,687	(747,997)	(810,595)
CASH FLOWS FROM (USED IN)					
INVESTING ACTIVITIES					
Interest received		60,359	71,673	717,055	532,953
Proceeds from redemption of redeemable preference shares by a subsidiary		-	-	-	5,000,000
Proceeds from disposal of investment property		6,300,000	1,200,000	-	-
Proceeds from disposal of property, plant and equipment		732,653	-	-	-
Additions to property, plant and equipment	12	(500,428)	(132,308)	-	-
Dividends received		-	-	7,200,000	2,500,000
Net advances to subsidiary companies		-	-	(6,300,000)	(2,950,000)
Net Cash From Investing Activities		6,592,584	1,139,365	1,617,055	5,082,953

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

		The Group		The Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES					
Proceeds from term loan		12,500,000	-	-	-
Proceeds from revolving credits (Repayments of) Net proceeds from bank overdrafts		2,000,000	3,000,000	-	-
Dividends paid	27	(6,145,113)	582,457	-	-
Repayments of:		(1,878,040)	(3,756,079)	(1,878,040)	(3,756,079)
Term loans		(2,532,033)	(5,477,701)	-	-
Lease liabilities		(103,719)	(118,463)	-	-
Net Cash From (Used In) Financing Activities		3,841,095	(5,769,786)	(1,878,040)	(3,756,079)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		24,497,346	(159,734)	(1,008,982)	516,279
CASH AND CASH EQUIVALENTS AS OF BEGINNING OF YEAR		(2,227,113)	(2,067,379)	2,513,698	1,997,419
CASH AND CASH EQUIVALENTS AS OF END OF YEAR	26	22,270,233	(2,227,113)	1,504,716	2,513,698

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group'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 statements of cash flows as cash flows from (used in) financing activities.

	Term loans (Note 23) RM	Bank overdraft (Note 23) RM	Revolving credit (Note 23) RM	Lease Liabilities (Note 23) RM
The Group				
At 1 January 2022	9,074,561	17,505,166	6,000,000	67,115
Cash flows	9,967,967	(6,145,113)	2,000,000	(103,719)
Acquisition of land held for property development (Note 14)	17,000,000	-	-	-
Acquisition of property, plant and equipment (Note 12)	-	-	-	510,000
	26,967,967	(6,145,113)	2,000,000	406,281
Non-cash flows:				
Unwinding of interest	56,055	-	-	-
At 31 December 2022	36,098,583	11,360,053	8,000,000	473,396
At 1 January 2021	14,552,262	16,922,709	3,000,000	185,578
Cash flows	(5,477,701)	582,457	3,000,000	(118,463)
At 31 December 2021	9,074,561	17,505,166	6,000,000	67,115

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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 principally involved in investments holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company is as disclosed in Note 15 to the financial statements.

The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

The principal place of business of the Company is located at PH1, Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru, Johor.

The Directors regard Accordant Holding Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

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

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 ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year. The Amendments to MFRSs adopted during the financial year are disclosed in the following sections.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

2.1 Adoption of new and amendments to MFRS

In the current financial year, the Group and the Company have adopted a number of amendments to MFRS issued by the Malaysian Accounting Standards Board ("MASB") as follows:

		Effective Date
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS	Annual Improvements to MFRS 2018 – 2020	1 January 2022

A adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

2.2 New and amendments to MFRS in issue but not yet effective

As at the date of authorisation for issue of these financial statements, the Group and the Company have not applied the following new and amendments to MFRS that have been issued but not yet effective:

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

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable in future financial years.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention, except for investment properties that are measured at fair values as at the end of the reporting period, as explained in the accounting policies below.

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 as 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 as 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 transaction that are within the scope of MFRS 2, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value in use in MFRS 136.

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;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset, liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the Company considers all relevant facts and circumstances, including:

- (a) The size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- (b) Substantive potential voting rights held by the Company and by other parties;
- (c) Other contractual arrangements; and
- (d) Historic patterns in voting attendance.

Consolidation of a subsidiary company begins when the Company obtains control over the subsidiary company and ceases when the Company loses control of the subsidiary company. Specifically, income and expenses of a subsidiary company 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 company.

When necessary, adjustments are made to the financial statements of subsidiary companies to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in Subsidiary Companies

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

The acquisition of subsidiary companies is accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

As at the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* are recognised at their fair values at the acquisition date, except that:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

- 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 the 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 *Share-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 recognised and measured at fair value less costs to sell.

Functional and Presentation Currency

The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency.

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 and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect 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 taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate 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.

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:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company'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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Performance obligations by segment are as follows:

Property development

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transfer over time or at a point of time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sales of vacant land and completed development units is recognised at the point in time when the control of the property is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the asset sold.

Sales of Oil Palm Fresh Fruits Bunches ("FFB")

Revenue from sales of oil palm FFB is recognised upon delivery of goods when control of the goods has been transferred to the customers, net of taxes and discounts.

There is no element of financing present as the Group's sales of FFB on credit terms of up to 30 days.

Management fee

Revenue from management fee is recognised upon performance of services are completed, net of taxes and discounts.

Other Revenue

Revenue from other sources are recognised as follows:

- Dividend income is recognised when the shareholder's right to receive payment is established;
- Interest income is recognised as it accrues, using the effective interest method; and
- Rental income is recognised on a straight-line basis over the terms of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Leases

As Lessee

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

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest in the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

As Lessor

Leases in which the Group and the Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Employee Benefits

Short-term Benefits

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

Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Defined Contribution Plans

The Group and the Company are required by law to make monthly contributions to the Employees' Provident Fund ("EPF"), a statutory defined contribution plan for all their eligible employees based on certain prescribed rates of the employees' salaries. The Group's and the Company's contributions to EPF are disclosed separately. The employees' contributions to EPF are included in salaries and wages. Once the contributions have been paid, there are no further payment obligations.

Taxation

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

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because it excludes 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 reporting period.

Deferred Tax

Deferred tax is recognised 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. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or 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.

The carrying amount of deferred tax assets is reviewed as at the end of each reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences which the Group and the Company expect, as at the end of each reporting period, to recover or to settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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 Period

Current and deferred tax are recognised as an expense or an income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Gains or losses arising from the disposal of an asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss.

All costs directly related to bearer plants (oil palm) are capitalised until such time as the bearer plants reach maturity, which is estimated to be 3 years. At that point, all further costs are expensed and depreciation commences over the period of 25 years. Such costs include planting costs, other upkeep costs, and an allocation of overhead costs.

Other property, plant and equipment are depreciated on a straight-line method to their residual values at rates based on the estimated useful lives of the various assets.

The annual rates of depreciation are as follows:

	Rates
Freehold buildings	2%
Motor vehicles	20%
Office equipment	10% to 25%
Furniture and fittings	10% to 20%
Renovations	10%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The residual values, useful lives and depreciation method are reviewed as at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Assets held under lease arrangement are depreciated over their expected useful lives on the same basis as owned assets.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

The investment property under construction is measured at cost until the earlier of the date construction is completed or when the fair value can be determined reliably.

Biological Assets

Biological assets comprise produce growing on bearer plants. Biological assets are measured at fair value less costs of disposal. Any gains or losses arising from changes in the fair value less costs of disposal are recognised in profit or loss. Fair value is determined based on the present value of expected net cash flow from biological assets. The expected net cash flows are estimated using the expected output method and the estimated market price of the biological assets.

Property Development Activities

Land held for future development represents land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets. The land held for future development is stated at the lower of cost and net realisable value.

Land held for future development will be reclassified to property development expenditure when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

Property development expenditure consists of the cost of land, direct building costs and related development expenditure incurred less cost recognised in profit or loss, and are measured at the lower of cost and net realisable value.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. In applying MFRS 15, the Group applied practical expedient when the amortisation period of the asset resulting from the incremental costs would be one year or less, where such costs will be expensed off to profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Contract assets represent the excess of property development revenue recognised in profit or loss over the billings to purchasers while contract liabilities represent the excess of billings to purchasers over property development revenue recognised in profit or loss.

Inventories of unsold completed development units are stated at the lower of cost and net realisable value. Cost of inventory is determined on the specific identification method and includes costs of land, construction and appropriate development overheads.

Impairment of Tangible Assets

As at the end of each reporting period, the Group and the Company review the carrying amounts of tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell 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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial Instruments

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

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 are recognised immediately in profit or loss.

Financial Assets

Initial Recognition and Classification

Financial assets are classified, at initial recognition, and subsequently measured in their entirety at either amortised cost or fair value; fair value through other comprehensive income ("FVTOCI"), or fair value through profit or loss ("FVTPL").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The classification depends on the Group's and the Company's business model for managing the financial assets and the financial asset's contractual cash flows. With the exception of trade receivables that do not contain a significant financing component, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at FVTOCI
 - with recycling of cumulative gains and losses (debt instruments)
 - with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial Assets at Amortised Cost (Debt Instruments)

Financial assets that are held for collection of contractual cash flows where those cash flows are SPPI, are measured at amortised cost using the effective interest rate method and are subject to impairment. Any gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Effective interest method

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

Financial Assets at FVTOCI (Debt Instruments)

Financial assets that are held for both collection of contractual cash flows and for selling, where the assets' cash flows are SPPI, are measured at FVTOCI. Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The Group and the Company have not designated any financial assets at FVTOCI (debt instruments).

Financial Assets Designated at FVTOCI (Equity Instruments)

On initial recognition, the Group and the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. Gains and losses on these financial assets are never recycled to profit or loss. Dividends is recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVTOCI are not subject to impairment assessment.

The Group and the Company have not designated any investments in equity instruments that are not held for trading as at FVTOCI.

Financial Assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

The Group and the Company have not designated any financial assets as at FVTPL.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group or the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group and the Company apply a simplified approach in calculating ECL for trade receivables, contract assets and lease receivables, without significant financing components. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises lifetime ECL as at the end of each reporting period. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's and the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Impairment for other receivables and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking ECL model.

For all other debt instruments, the Group and the Company apply the low credit risk simplification. As at the end of each reporting period, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

The Group and the Company consider that default has occurred 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 (without taking into account any collaterals held by the Group and the Company).

The Group and the Company write off a financial asset when there is no reasonable expectation of recovering the contractual cash flows in full. 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.

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 they transfer substantially all risks and rewards of the financial asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise its retained interest in the transferred asset to the extent of its continuing involvement. 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 asset's 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

Debts or equity instruments are classified either as financial liabilities or equity in accordance to the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

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.

Financial liabilities

Financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where 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 incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition, it is a part of an identified portfolio of 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.

The Group and the Company have not designated any financial liabilities as at FVTPL.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not held for trading or designated as at FVTPL, including borrowings, are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 (where appropriate) a shorter period, to the amortisation cost of a financial liability.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payment to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount determined in accordance with the ECL model under MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group and the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

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 as at the end of the reporting period, 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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The Group and the Company capitalise borrowing costs for all qualifying assets.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating result are reviewed regularly by the chief operating decision maker, which is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Statements of Cash Flows

The Group and the Company adopt the direct method in the preparation of the statements of cash flows.

Cash equivalents comprise bank balances, short term, highly liquid investments that are readily convertible to a known amount of cash with insignificant risks of changes in value against which bank overdrafts utilised for operating activities, if any, is deducted. Bank overdrafts that are classified as financing activities have been excluded from cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Significant Accounting Estimates And Judgements

Estimates and judgments are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Revenue recognition for property development

Revenue recognition for property development requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers and the total estimated costs.

Fair value of investment properties

Fair value of investment properties requires management to exercise significant judgement in assessing the fair value.

4. REVENUE

Revenue comprises of the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from contracts with customers				
Property development activities	2,859,426	9,502,898	-	-
Sale of completed development units	35,607,274	30,330,770	-	-
Sale of land held for property development	6,097,480	7,177,687	-	-
Sale of oil palm fruits	2,193,323	1,549,828	-	-
	46,757,503	48,561,183	-	-
Revenue from other sources				
Rental income	7,433,157	5,068,606	-	-
Dividend income from subsidiary companies	-	-	7,200,000	2,500,000
	<u>7,433,157</u>	<u>5,068,606</u>	<u>7,200,000</u>	<u>2,500,000</u>
	<u>54,190,660</u>	<u>53,629,789</u>	<u>7,200,000</u>	<u>2,500,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Disaggregation of the revenue from contracts with customers are as follows:

	The Group	
	2022 RM	2021 RM
Business segments:		
Property development	44,564,180	47,011,355
Others	<u>2,193,323</u>	<u>1,549,828</u>
	<u>46,757,503</u>	<u>48,561,183</u>
Timing of revenue recognition		
At point in time	43,898,077	39,058,285
Over time	<u>2,859,426</u>	<u>9,502,898</u>
	<u>46,757,503</u>	<u>48,561,183</u>

The transaction price of property development activities allocated to performance obligations that are unsatisfied (or partly unsatisfied) as at 31 December 2022 are RM992,123 (RM135,613 in 2021).

Management expects that RM992,123 (RM135,613 in 2021) of the transaction price allocated to the unsatisfied contracts as at 31 December 2022 will be recognised as revenue during the next financial year.

5. COST OF SALES

The cost of sales are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cost of sales				
Cost of property development	1,969,565	6,029,321	-	-
Cost of inventories sold	20,530,963	18,476,921	-	-
Cost of land sold	5,062,439	5,074,751	-	-
Cost of oil palm fruits	<u>635,517</u>	<u>355,372</u>	-	-
	<u>28,198,484</u>	<u>29,936,365</u>	-	-

6. INVESTMENT REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest income from:				
Housing Development Accounts	10,408	18,173	-	-
Fixed deposits	25,687	36,497	-	-
Others	<u>24,264</u>	<u>17,003</u>	<u>801,973</u>	<u>537,894</u>
	<u>60,359</u>	<u>71,673</u>	<u>801,973</u>	<u>537,894</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

7. FINANCE COSTS

	The Group	
	2022 RM	2021 RM
Interests on:		
Term loans	545,064	424,805
Bank overdrafts	1,056,496	1,311,608
Lease liabilities	9,217	4,028
Revolving credits	<u>338,800</u>	<u>191,514</u>
	1,949,577	1,931,955
Less: Amounts capitalised in cost of qualifying assets	<u>(991,646)</u>	<u>(897,428)</u>
	<u>957,931</u>	<u>1,034,527</u>

During the financial year, borrowing costs arising from the specific borrowing pool which have been capitalised as part of the costs of qualifying assets are disclosed in Notes 14 and 19 to the financial statements.

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after crediting/(charging) the following:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain on disposal of investment property (included in other income)	-	4,074,000	-	-
Gain on disposal of property, plant and equipment	635,744	-	-	-
Deposits forfeited	34,607	37,763	-	-
Fair value (loss) gain on biological assets	(70,000)	28,000	-	-
Amounts written off of:				
Property, plant and equipment	(10,827)	(1,285)	-	-
Deposits	(30,000)	-	-	-
Development expenditure	(100,168)	-	-	-
Auditors' remuneration:				
Statutory audit	(124,000)	(105,000)	(25,000)	(22,000)
Non-statutory audit	(11,000)	(8,000)	(3,500)	(2,000)
Expense relating to short-term leases	(83,500)	(112,650)	(108,000)	(108,000)
Staff costs*	(4,131,599)	(3,811,240)	-	-
Directors' remuneration#:				
Fee	(388,333)	(310,000)	(388,333)	(310,000)
Other emoluments	(3,361,310)	(1,944,102)	(18,000)	(18,000)
Depreciation of property, plant and equipment	<u>(538,718)</u>	<u>(583,053)</u>	<u>-</u>	<u>-</u>

* Included in staff costs of the Group is EPF contributions of RM449,407 (RM414,753 in 2021).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The directors' remuneration disclosed above, represents the entire key management personnel compensation of the Group and of the Company as there were no other key management personnel apart from all the directors who have the authority and responsibility, directly or indirectly, for planning, directing and controlling the activities of the Group and of the Company. Details on the compensation for these key management personnel are disclosed as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company:				
Executive directors				
Salary and other emoluments	1,496,004	1,088,848	4,000	4,000
EPF contributions	178,800	129,960	-	-
	1,674,804	1,218,808	4,000	4,000
Non-executive directors				
Fee	388,333	310,000	388,333	310,000
Other emoluments	164,000	14,000	14,000	14,000
	552,333	324,000	402,333	324,000
	2,227,137	1,542,808	406,333	328,000
Directors of subsidiary companies:				
Salary and other emoluments	1,445,466	668,502	-	-
EPF contributions	77,040	42,792	-	-
	1,522,506	711,294	-	-
	3,749,643	2,254,102	406,333	328,000

9. SEGMENTAL ANALYSIS

Business segments

For management purposes, the Group is organised into the following reportable operating segments based on their products and services and similar economic characteristics:

- Property development (includes construction contract)
- Property management (includes rental of properties)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Operating profit or loss are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess the Group's performance. The Group's income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Segment capital expenditure comprises additions to property, plant and equipment and investment properties.

No geographical segmental analysis is presented as the Group operates principally in Malaysia.

	Property development RM	Property management RM	Others* RM	Elimination RM	Consolidated RM
The Group 2022					
Revenue					
External sales	46,605,212	5,392,125	2,193,323	-	54,190,660
Inter-segment income [^]	-	528,000	8,761,000	(9,289,000)	-
Total revenue	<u>46,605,212</u>	<u>5,920,125</u>	<u>10,954,323</u>	<u>(9,289,000)</u>	<u>54,190,660</u>
Results					
Investment revenue	103,458	4,851	1,012,734	(1,060,684)	60,359
Finance costs	1,201,614	387,337	189,294	(820,314)	957,931
Depreciation	187,936	179,646	117,934	53,202	538,718
Unallocated corporate expenses	-	-	711,368	(120,000)	591,368
Profit before tax	<u>10,182,033</u>	<u>1,762,888</u>	<u>8,555,737</u>	<u>(7,518,756)</u>	<u>12,981,902</u>
Assets					
Additions to property, plant and equipment	<u>741,036</u>	<u>313,824</u>	<u>8,368</u>	<u>-</u>	<u>1,063,228</u>
Segment assets	374,520,147	111,426,514	14,833,256	(18,376,405)	482,403,512
Unallocated corporate assets					<u>1,516,279</u>
Consolidated assets					<u>483,919,791</u>
Liabilities					
Segment liabilities	119,402,458	27,630,183	9,799,456	(55,130,180)	101,701,917
Unallocated corporate liabilities					<u>459,416</u>
Consolidated liabilities					<u>102,161,333</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

	Property development RM	Property management RM	Others* RM	Elimination RM	Consolidated RM
The Group 2021					
Revenue					
External sales	48,772,034	3,307,927	1,549,828	-	53,629,789
Inter-segment income [^]	-	528,000	3,838,000	(4,366,000)	-
Total revenue	<u>48,772,034</u>	<u>3,835,927</u>	<u>5,387,828</u>	<u>(4,366,000)</u>	<u>53,629,789</u>
Results					
Gain on disposal of investment property	-	4,074,000	-	-	4,074,000
Investment revenue	92,815	4,814	897,533	(923,489)	71,673
Finance costs	997,044	447,681	222,640	(632,838)	1,034,527
Depreciation	111,075	307,207	126,862	37,909	583,053
Unallocated corporate expenses	-	-	634,971	(120,000)	514,971
Profit before tax	<u>11,342,269</u>	<u>4,236,816</u>	<u>3,562,139</u>	<u>(2,853,744)</u>	<u>16,287,480</u>
Assets					
Additions to property, plant and equipment	<u>55,000</u>	<u>68,285</u>	<u>9,023</u>	<u>-</u>	<u>132,308</u>
Segment assets	347,053,723	113,534,395	4,700,714	(16,496,099)	448,792,733
Unallocated corporate assets					<u>2,541,456</u>
Consolidated assets					<u>451,334,189</u>
Liabilities					
Segment liabilities	86,921,517	27,455,113	10,781,024	(48,683,629)	76,474,025
Unallocated corporate liabilities					<u>334,000</u>
Consolidated liabilities					<u>76,808,025</u>

* The operating divisions which fall below the quantitative thresholds and cannot be aggregated to form a reportable operating segment includes small plantation business and Group-level corporate services and treasury functions.

[^] Inter-segment income is eliminated upon consolidation and reflected in the elimination column.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

10. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense:				
Malaysian income tax	3,506,241	3,637,198	178,245	107,175
Under (Over)provision in prior years	493,475	(17,868)	(5)	-
Real Property Gain Tax	-	444,500	-	-
	3,999,716	4,063,830	178,240	107,175
Deferred tax (Note 24):				
Origination and reversal of temporary differences	(129,148)	(262,178)	-	-
Under (Over)provision in prior years	1,000	(7,000)	-	-
	(128,148)	(269,178)	-	-
	<u>3,871,568</u>	<u>3,794,652</u>	<u>178,240</u>	<u>107,175</u>

Malaysian corporate income tax is calculated at the statutory tax rate of 24% (also 24% in 2021) of the estimated taxable profit for the year.

The reconciliation between tax expense and accounting profit multiplied by the applicable statutory tax rate are as follows:

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	<u>12,981,902</u>	<u>16,287,480</u>	<u>7,290,605</u>	<u>2,402,923</u>
Tax at the applicable statutory tax rate of 24%	3,115,657	3,908,995	1,749,745	576,702
Tax effects of:				
Expenses not deductible for tax purposes	510,439	714,778	156,893	131,741
Income not assessable for tax purposes	(190,203)	(1,431,853)	(1,728,393)	(601,268)
Utilisation of deferred tax previously not recognised	(58,800)	-	-	-
Deferred tax assets not recognised	-	183,100	-	-
Real Property Gain Tax	-	444,500	-	-
Under (Over)provision in prior years:				
Income tax	493,475	(17,868)	(5)	-
Deferred tax	1,000	(7,000)	-	-
Income tax expense recognised in profit or loss	<u>3,871,568</u>	<u>3,794,652</u>	<u>178,240</u>	<u>107,175</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

11. EARNINGS PER ORDINARY SHARE

	The Group	
	2022	2021
Basic/Diluted		
Profit attributable to ordinary shares (RM)	<u>9,110,334</u>	<u>12,492,828</u>
Number of shares in issue as of beginning/end of year (Units)	<u>375,607,960</u>	<u>375,607,960</u>
Weighted average number of ordinary shares (Units)	<u>375,607,960</u>	<u>375,607,960</u>
Basic/Diluted earnings per share (sen)	<u>2.43</u>	<u>3.33</u>

12. PROPERTY, PLANT AND EQUIPMENT

The Group								
	Freehold buildings RM	Motor vehicles - owned RM	Motor vehicles- Right-of-use RM	Office equipment RM	Furniture and fittings RM	Renovations RM	Bearer plants – Oil palm RM	Total RM
Cost								
Balance as at 1 January 2021	2,660,104	2,652,108	764,049	715,701	2,314,193	1,212,687	737,941	11,056,783
Additions	-	55,000	-	19,928	57,380	-	-	132,308
Written off	-	-	-	(83,605)	(52,331)	-	-	(135,936)
Reclassification	-	402,661	(402,661)	-	-	-	-	-
Balance as at 31 December 2021	2,660,104	3,109,769	361,388	652,024	2,319,242	1,212,687	737,941	11,053,155
Additions	-	-	725,324	102,515	231,939	-	3,450	1,063,228
Disposal	-	(2,228,128)	-	(1,599)	-	-	-	(2,229,727)
Written off	-	-	-	(46,691)	(10,970)	-	-	(57,661)
Reclassification	-	361,388	(361,388)	-	-	-	-	-
Balance as at 31 December 2022	<u>2,660,104</u>	<u>1,243,029</u>	<u>725,324</u>	<u>706,249</u>	<u>2,540,211</u>	<u>1,212,687</u>	<u>741,391</u>	<u>9,828,995</u>
Accumulated depreciation								
Balance as of 1 January 2021	181,774	2,255,113	494,581	535,182	2,010,926	567,732	103,543	6,148,851
Charge for the year	53,202	166,290	112,543	41,123	87,624	110,831	11,440	583,053
Written off	-	-	-	(82,586)	(52,065)	-	-	(134,651)
Reclassification	-	402,660	(402,660)	-	-	-	-	-
Balance as at 31 December 2021	234,976	2,824,063	204,464	493,719	2,046,485	678,563	114,983	6,597,253
Charge for the year	53,202	108,377	133,787	38,959	94,602	98,350	11,441	538,718
Disposal	-	(2,131,220)	-	(1,598)	-	-	-	(2,132,818)
Written off	-	-	-	(35,919)	(10,915)	-	-	(46,834)
Reclassification	-	269,376	(269,376)	-	-	-	-	-
Balance as at 31 December 2022	<u>288,178</u>	<u>1,070,596</u>	<u>68,875</u>	<u>495,161</u>	<u>2,130,172</u>	<u>776,913</u>	<u>126,424</u>	<u>4,956,319</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

	Freehold buildings RM	Motor vehicles - owned RM	Motor vehicles- Right-of-use RM	Office equipment RM	Furniture and fittings RM	Renovations RM	Bearer plants – Oil palm RM	Total RM
Carrying amount								
Balance as at 31 December 2022	<u>2,371,926</u>	<u>172,433</u>	<u>656,449</u>	<u>211,088</u>	<u>410,039</u>	<u>435,774</u>	<u>614,967</u>	<u>4,872,676</u>
Balance as at 31 December 2021	<u>2,425,128</u>	<u>285,706</u>	<u>156,924</u>	<u>158,305</u>	<u>272,757</u>	<u>534,124</u>	<u>622,958</u>	<u>4,455,902</u>

Freehold building of the Group with carrying amount of RM456,628 (RM466,870 in 2021) have been charged to a licensed bank as security for term loans facility granted to the Group as disclosed in Note 23 to the financial statements.

During the financial year, the Group acquired property, plant and equipment by the following means:

	The Group 2022 RM	2021 RM
Additions during the year	1,063,228	132,308
Financed by lease arrangement	(510,000)	-
Included in payables	(52,800)	-
Cash outflow for additions of property, plant and equipment	<u>500,428</u>	<u>132,308</u>

13. INVESTMENT PROPERTIES

	The Group 2022 RM	2021 RM
At fair value:		
Balance as of beginning of year	91,478,500	94,904,500
Disposal during the year	-	(3,426,000)
Balance as of end of year	<u>91,478,500</u>	<u>91,478,500</u>

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

	The Group 2022 RM	2021 RM
Rental income derived from investment properties	5,392,125	3,307,927
Direct operating expenses generating rental income	<u>(4,178,496)</u>	<u>(3,074,125)</u>
Profit arising from investment properties carried at fair value net of direct operating expenses	<u>1,213,629</u>	<u>233,802</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The fair value of the Group's investment properties as at 31 December 2022 has been arrived at the basis of an update valuations carried out at that date by an independent valuer, based on a full valuation carried out as at 31 December 2020 by the same valuer, which has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair values were determined based on the comparison method that reflects recent transaction prices for similar properties. In estimating the fair values of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the financial year.

Significant unobservable valuation inputs used in the comparison method are as follows:

	2022	2021
Price per square foot for apartment buildings	RM212 to RM288 per square foot	RM212 to RM288 per square foot
Price per square foot for commercial buildings	RM167 to RM552 per square foot; or RM 618 to RM802 per square foot	RM167 to RM552 per square foot; or RM 618 to RM802 per square foot
Price per square foot for industrial buildings	RM24 to RM80 per square foot	RM24 to RM80 per square foot

The estimated fair value would increase or decrease if the price per square foot is higher or lower.

The Group determines the fair value of its investment properties within Level 3 of the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the financial year.

Investment properties of the Group with fair value of RM83,280,000 (RM83,280,000 in 2021) have been charged to licensed banks as security for term loans and bank overdraft facilities granted to the Group as disclosed in Note 23 to the financial statements.

All of the Group's investment properties are held under freehold interests.

The Group as lessor:

The operating leases receivables are as follows:

	The Group	
	2022 RM	2021 RM
Less than one (1) year	4,931,432	2,809,317
One (1) to two (2) years	4,001,620	1,262,794
Two (2) to three (3) years	1,374,125	437,800
Total undiscounted lease receivables	<u>10,307,177</u>	<u>4,509,911</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

14. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2022 RM	2021 RM
At cost:		
Freehold land	119,530,553	109,281,400
Long-term leasehold land	46,402,106	46,402,106
Development expenditure	33,854,962	32,700,747
Balance as at beginning of year	199,787,621	188,384,253
Cost incurred during the year:		
Freehold land	25,344,293	15,659,820
Development expenditure	6,936,702	2,042,831
	<u>32,280,995</u>	<u>17,702,651</u>
	232,068,616	206,086,904
Transfer to land and development expenditure (Note 19):		
Freehold land	(3,390,491)	(1,028,026)
Development expenditure	(2,022,349)	(196,506)
	<u>(5,412,840)</u>	<u>(1,224,532)</u>
Disposal during the year:		
Freehold land	(4,247,326)	(4,382,641)
Development expenditure	(815,113)	(692,110)
	<u>(5,062,439)</u>	<u>(5,074,751)</u>
Development expenditure written off	<u>(100,168)</u>	<u>-</u>
Balance as at end of year	<u>221,493,169</u>	<u>199,787,621</u>

Certain subsidiary companies of the Group had entered into agreements with landowners to develop the landowners' land into housing estates. Pursuant to the agreements, the subsidiary companies are responsible for the development and sale of properties. The sale proceeds are shared between the subsidiary companies and landowners on the basis stipulated in the agreements.

Land held for property development of the Group with carrying amount of RM128,883,349 (RM91,557,020 in 2021) are charged to licensed banks for borrowings granted to the Group as disclosed in Note 23 to the financial statements.

Included in the development expenditure of the Group is interest capitalised for projects not ready for its intended sale during the financial year amounting to RM953,637 (RM818,339 in 2021).

Cost incurred during the year include an amount of RM17,000,000 (RM Nil in 2021) financed by term loan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

15. INVESTMENT IN SUBSIDIARY COMPANIES

	The Company	
	2022 RM	2021 RM
Unquoted redeemable preference shares, at cost	5,000,000	5,000,000
Unquoted shares, at cost	<u>170,830,419</u>	<u>170,830,419</u>
	<u>175,830,419</u>	<u>175,830,419</u>

In the prior financial year, a subsidiary, namely Sakae Corporation Sdn. Bhd. redeemed 5,000,000 redeemable preference shares at RM1 each from the Company.

The subsidiary companies which are wholly-owned, incorporated and operated in Malaysia are as follows:

Name of Company	Principal Activities
Direct Subsidiary Companies	
Idealbase Sdn. Bhd.	General and property construction and provision of project management or management services
Wisma Development Sdn. Bhd.	Investment holdings and property development
Ayer Hitam Land Sdn. Bhd.	Property development
Sakae Corporation Sdn. Bhd.	Property holdings and development
Ayer Hitam Sawmill Company Sdn. Bhd.	Property holdings and investments
Cheng Yew Heng Manufactory Sdn. Berhad	Property holdings and investments
Emerald Park Sdn. Bhd.	Property development, investment holdings and the letting of apartments and shop offices
Simpang Maju Enterprises Sdn. Bhd.	Property development
Taman Pahlawan Sdn. Bhd.	Property development
Indirect Subsidiary Companies	
# Prairie Development Sdn. Bhd.	Property development
@ Vinlane Development Sdn. Bhd.	Property development
@ Shinwoo Development Sdn. Bhd.	Property development
* Multinat Property Sdn. Bhd.	Property holdings and investments

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Name of Company

Principal Activities

Indirect Subsidiary Companies

+ Summer Range Sdn. Bhd.	Sale of oil palm fruits and property development
+ Rainbow Entity Sdn. Bhd.	Property development
+ Harmony Gallery Sdn. Bhd.	Property development
& Hillpark Development Sdn. Bhd.	Property development
& Regal Park Sdn. Bhd.	Property investments and letting of apartments
# This investment is held through its subsidiary company, Idealbase Sdn. Bhd.	
@ These investments are held through its subsidiary company, Wisma Development Sdn. Bhd.	
* This investment is held through its subsidiary company, Sakae Corporation Sdn. Bhd.	
+ These investments are held through its subsidiary company, Ayer Hitam Sawmill Company Sdn. Bhd.	
& These investments are held through its subsidiary company, Emerald Park Sdn. Bhd.	

16. RELATED PARTY TRANSACTIONS

	The Company	
	2022 RM	2021 RM
Amounts owing by subsidiary companies		
Non-current portion	39,800,000	33,500,000
Current portion	178,697	93,779
	<u>39,978,697</u>	<u>33,593,779</u>

The amounts owing by subsidiary companies arose mainly from advances which are unsecured and borne interest rates ranged from 1.74% to 2.71% (1.71% to 1.75% in 2021) per annum.

The current portion represents the amounts owing by subsidiary companies which the Company expects to be repaid within 12 months after the end of the reporting period. The remaining balances which the Company does not expects to be repaid within the next 12 months are classified as non-current assets. No ECL is recognised as it is negligible.

During the financial year, significant related party transactions are as follows:

	The Group	
	2022 RM	2021 RM
With a company in which certain directors have substantial interest		
Project management fee	-	71,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

	The Company	
	2022	2021
	RM	RM
Subsidiary companies		
Dividend income	7,200,000	2,500,000
Interest income	800,201	532,612
Rental of premises	(108,000)	(108,000)
Management fee expense	(12,000)	(12,000)

17. BIOLOGICAL ASSETS

	The Group	
	2022	2021
	RM	RM
Fair value less cost to sell of biological assets	-	70,000

The biological assets of the Group comprise the oil palm fresh fruit bunches ("FFB"). Management has considered that oil content of unripe FFB from the week after pollination to the week prior to harvest. As the oil content accrues exponentially in the 2 weeks prior to harvest, FFB more than 2 weeks prior to harvesting are excluded from the valuation, as their fair values are considered negligible. The fair value of FFB is calculated based on income approach which considers the net present value of all directly attributable net cash inflows including imputed contributory asset changes.

The estimated fair value would increase or decrease if the FFB selling price per tonne is higher or lower. During the financial year, the Group recognised a fair value loss on biological assets of RM70,000 (gain of RM28,000 in 2021).

The Group determines the fair value of its FFB within Level 3 of the fair value hierarchy. There were no transfers between levels of the fair value hierarchy during the financial year.

18. INVENTORIES

	The Group	
	2022	2021
	RM	RM
At cost:		
Completed development units for sale	43,451,597	47,089,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

19. LAND AND DEVELOPMENT EXPENDITURE

	The Group	
	2022 RM	2021 RM
At cost:		
Freehold land	14,479,911	15,916,766
Long-term leasehold land	926,147	926,147
Development expenditure	41,738,861	37,620,158
Balance as at beginning of year	57,144,919	54,463,071
Cost incurred during the year:		
Long-term leasehold land	1,336,000	-
Development expenditure	17,245,035	19,596,983
	18,581,035	19,596,983
	75,725,954	74,060,054
Transfer from land held for property development (Note 14):		
Freehold land	3,390,491	1,028,026
Development expenditure	2,022,349	196,506
	5,412,840	1,224,532
Costs recognised as an expense in profit or loss:		
Previous year	(2,031,644)	(7,086,980)
Current year	(1,969,565)	(6,029,321)
	(4,001,209)	(13,116,301)
Transfer to inventories	(16,706,792)	(7,055,010)
Balance as at end of year	60,430,793	55,113,275

As at the end of the year, the title to certain freehold land of the Group, with carrying amount of RM1,336,000 (RM142,303 in 2021), are not registered in the name of the Group, whereby the Group entered into Power of Attorney which enable the Group to execute the Sale and Purchase Agreement and Memorandum of Transfer of the title of the land to the buyer. Landowners have assigned Power of Attorney which enable the Group to execute relevant applications for the development on the land and included in the cost of land of the Group are entitlement paid to landowners amounting to RM1,336,000 at the end of each reporting period.

Included in development expenditure of the Group is interest capitalised for projects not ready for its intended sale during the financial year amounting to RM38,009 (RM79,088 in 2021).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

20. RECEIVABLES

	2022 RM	2021 RM
The Group		
<u>Non-current portion</u>		
Other receivable	1,797,900	-
<u>Current portion</u>		
Trade receivables	6,600,760	10,066,667
Other receivables	1,060,147	8,462,316
Contract assets	-	657,562
	7,660,907	19,186,545
Rental deposits	22,975	22,975
Other deposits	3,038,820	5,716,254
Prepaid expenses	201,317	153,038
	10,924,019	25,078,812
The Company		
Prepaid expenses	11,563	13,683

Trade receivables comprise mainly amounts receivable for sale of development projects and rental receivables. The average credit period granted on sale of development projects is 21 days (also 21 days in 2021) whilst rental receivable is 7 days (also 7 days in 2021). These receivables are not secured by any collateral. No interest is charged on outstanding balances from trade receivables which are past due.

The amount recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customers.

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The ageing of trade receivables as of the end of reporting period is as follows:

	The Group	
	2022 RM	2021 RM
Not past due	3,112,401	4,285,583
Past due		
- within three (3) months	2,523,359	2,930,495
- more than three (3) months but less than twelve (12) months	965,000	2,468,816
- more than twelve (12) months	-	381,773
	<u>3,488,359</u>	<u>5,781,084</u>
	<u>6,600,760</u>	<u>10,066,667</u>

None of the trade receivables of the Group have been renegotiated during the financial year.

The trade receivables that are past due as at the end of the reporting period are awaiting drawdown from their respective approved facilities from licensed banks or government authorities. No ECL is recognised arising from these trade receivables as it is negligible.

Other receivables comprise mainly amounts due from landowners of certain development projects which are interest-free.

In the previous financial year, included in the other receivables of an amount of RM6,300,000 represent the balance of proceeds from disposal of investment property was received in current financial year.

As at the end of each reporting period, the credit risks exposures and concentration relating to other receivables of the Group are summarised in the table below:

	Group	
	2022 RM	2021 RM
Maximum exposure		
- Non-current portion	1,797,900	-
- Current portion	<u>1,060,147</u>	<u>8,462,316</u>
	2,858,047	8,462,316
Collateral obtained	<u>(1,797,900)</u>	<u>(1,797,900)</u>
Net exposure to credit risk	<u>1,060,147</u>	<u>6,664,416</u>

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables. No ECL is recognised arising from other receivables as it is negligible.

Other deposits in prior year comprise mainly downpayment for purchase of land amounted to RM2,737,893.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

21. CASH AND BANK BALANCES

	2022 RM	2021 RM
The Group		
Cash on hand and at banks	45,661,317	21,411,376
Housing Development Accounts	474,429	4,506,284
Fixed deposits with licensed banks	1,318,016	1,293,450
	<u>47,453,762</u>	<u>27,211,110</u>
The Company		
Cash on hand and at banks	<u>1,504,716</u>	<u>2,513,698</u>

The Housing Development Accounts are maintained by certain subsidiary companies in accordance with Section 7A of the Housing Development (Control & Licensing) Act, 1966. These accounts, which consist of monies received from purchasers, are for the payment of property development expenditure incurred. The surplus monies, if any, will be released to subsidiary companies upon the completion of the property development projects and after all property development expenditure has been fully settled.

Included in fixed deposits with licensed banks of the Group is an amount of RM1,318,016 (RM1,293,450 in 2021) pledged to financial institutions as security by the subsidiary companies either for bank guarantees issued/to be issued in favour of third parties for the property development projects or term loan/overdraft facilities granted to a subsidiary company.

The interest rates per annum are as follows:

	The Group	
	2022 %	2021 %
Housing Development Accounts	1.00-2.45	1.00-2.45
Fixed deposits with licensed banks	<u>1.50-2.00</u>	<u>1.50-1.70</u>

The fixed deposits with licensed banks of the Group as at 31 December 2022 have an average maturity of 30 days (also 30 days in 2021).

22. CAPITAL AND RESERVES

Share capital

	The Group and the Company	
	2022 RM	2021 RM
Issued and fully paid with no par value:		
375,607,960 ordinary shares	<u>187,803,980</u>	<u>187,803,980</u>

Retained earnings

The entire retained earnings of the Company is available for distribution as single-tier dividends to the shareholders of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

23. BANK BORROWINGS

	The Group	
	2022 RM	2021 RM
Secured:		
Term loans	36,098,583	9,074,561
Bank overdrafts	35,225,566	45,649,939
Revolving credit	8,000,000	6,000,000
Lease liabilities	523,911	67,987
	79,848,060	60,792,487
Less: Lease liabilities:		
Interest-in-suspense outstanding	(50,515)	(872)
	79,797,545	60,791,615
Less: Amount due for settlement within 12 months (shown under current liabilities):		
Term loans	(2,722,560)	(2,604,394)
Bank overdrafts	(35,225,566)	(45,649,939)
Revolving credit	(8,000,000)	(6,000,000)
Lease liabilities	(94,485)	(67,115)
	(46,042,611)	(54,321,448)
Non-current portion	33,754,934	6,470,167

The non-current portion of borrowings are repayable as follows:

	The Group	
	2022 RM	2021 RM
Term loans		
Later than one year but not later than two years	3,229,209	2,729,989
Later than two years but not later than five years	17,367,135	1,764,444
More than five years	12,779,679	1,975,734
	33,376,023	6,470,167
Lease liabilities		
Later than one year but not later than two years	99,121	-
Later than two years but not later than five years	279,790	-
	378,911	-
	33,754,934	6,470,167

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

The term loans, bank overdrafts and revolving credit of the Group are generally secured by legal charges over certain freehold building, investment properties and certain parcel of the land held for property development as disclosed in Notes 12, 13 and 14 respectively to the financial statements. The term loans, bank overdrafts and revolving credit are also secured by corporate guarantee by the Company to the extent of RM130,940,000 (RM101,940,000 in 2021).

Certain bank overdraft facilities of the Group are obtained by certain subsidiary companies, for the purposes of on-lend to the related companies as advances for acquisition of land or property development projects undertaken by the related companies. The interest charged on the utilisation of bank overdraft facilities is based on the respective interest rates for bank overdrafts range from 5.60% to 6.90 % per annum (4.60% to 5.90% in 2021).

	The Group	
	2022 RM	2021 RM
Bank Overdraft		
- For working capital (Note 26)	23,865,513	28,144,773
- For financing activities	11,360,053	17,505,166
	<u>35,225,566</u>	<u>45,649,939</u>

The interest rates for term loans, bank overdrafts and revolving credit range from 3.93% to 7.45% (3.70% to 6.45% in 2021) per annum.

The term for lease arrangement is 5 years (3 to 5 years in 2021). For the financial year ended 31 December 2022, the interest rates range from 1.38% to 2.54% (1.38% to 2.54% in 2021) per annum. Interest rate is fixed at the inception of the lease arrangements.

24. DEFERRED TAX (ASSETS) LIABILITIES

	Balance as of beginning of year RM	The Group Recognised in profit or loss (Note 10) RM	Balance as of end of year RM
2022			
Land held for property development	2,447,092	(70,148)	2,376,944
Investment properties	4,538,000	60,000	4,598,000
Property, plant and equipment	167,000	14,000	181,000
Others	-	(132,000)	(132,000)
	<u>7,152,092</u>	<u>128,148</u>	<u>7,023,944</u>
2021			
Land held for property development	2,379,270	67,822	2,447,092
Investment properties	4,876,000	(338,000)	4,538,000
Property, plant and equipment	166,000	1,000	167,000
	<u>7,421,270</u>	<u>(269,178)</u>	<u>7,152,092</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

As mentioned in Note 3, the deductible temporary differences, unused tax losses and unused tax credits 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, unused tax losses and unused tax credits can be utilised. As at 31 December 2022, the deductible temporary differences, unused tax losses and unused tax credits of the Group which is not recognised in the financial statements due to uncertainty of their realisation in the foreseeable future is as follows:

	The Group	
	Deferred Tax Assets (Liabilities)	
	2022	2021
	RM	RM
Temporary differences arising from:		
Property, plant and equipment	(162,000)	(105,000)
Land held for property development	3,066,000	3,066,000
Property development expenditure	1,124,000	1,558,000
Unutilised tax losses		
- Expired by 31 December 2028	734,000	734,000
- Expired by 31 December 2029	624,000	624,000
- Expired by 31 December 2030	1,032,000	1,420,000
- Expired by 31 December 2031	1,335,000	1,816,000
- Expired by 31 December 2032	945,000	-
Unabsorbed capital allowances	465,000	434,000
Others	733,000	590,000
	<u>9,896,000</u>	<u>10,137,000</u>

25. PAYABLES

	2022	2021
	RM	RM
The Group		
Trade payables	6,020,214	4,618,679
Other payables	519,148	190,304
Contract liabilities	1,105,148	-
	<u>7,644,510</u>	<u>4,808,983</u>
Rental received in advance	501,989	547,973
Rental deposits	2,097,748	1,605,928
Deposits received	269,830	164,120
Accrued expenses	3,956,632	1,089,608
	<u>14,470,709</u>	<u>8,216,612</u>
The Company		
Accrued expenses	<u>416,833</u>	<u>334,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

Trade payables comprise amounts outstanding for trade purchases, construction and other related development costs. The average credit period granted to the Group for trade purchases, construction and other related development costs is 30 days (also 30 days in 2021). Trade payables are non-interest bearing.

Trade payables of the Group include retention sum amounting to RM2,919,076 (RM2,729,181 in 2021).

Other payables comprise deposits from property buyers.

The revenue recognised in current reporting period relates to broughtforward contract liabilities is RM Nil (RM196,122 in 2021).

26. CASH AND CASH EQUIVALENTS

	2022 RM	2021 RM
The Group		
Cash on hand and at banks	45,661,317	21,411,376
Housing Development Accounts	474,429	4,506,284
Fixed deposits with licensed banks	1,318,016	1,293,450
Bank overdrafts (Note 23)	(23,865,513)	(28,144,773)
	23,588,249	(933,663)
Less: Fixed deposits pledged with licensed banks	(1,318,016)	(1,293,450)
	22,270,233	(2,227,113)
The Company		
Cash on hand and at banks	1,504,716	2,513,698

During the financial year, the bank overdraft of certain subsidiary companies of RM11,360,053 (RM17,505,166 in 2021) of the Group has been considered as financing activities as the said facility has been utilised for the purposes as disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

27. DIVIDENDS

	Group and Company			
	2022	2021	2022	2021
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
In respect of the financial year ended 31 December 2021				
First interim single tier dividend	-	-	0.50	1,878,040
Second interim single tier dividend	-	-	0.50	1,878,039
In respect of the financial year ended 31 December 2022				
Interim single tier dividend	0.50	1,878,040	-	-
	<u>0.50</u>	<u>1,878,040</u>	<u>1.00</u>	<u>3,756,079</u>

28. FINANCIAL INSTRUMENTS

(a) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group and the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Group's and the Company's overall strategy remain unchanged from 2021.

The capital structure of the Group consists of debt, which includes the bank borrowings, and equity of the Group, comprising issued capital and retained earnings as presented in the statement of changes in equity.

The Group's management reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the Group's management considers the cost of capital and the risk associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group monitors capital using gearing ratio. The gearing ratio as at the end of the reporting period are as follows:

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Bank borrowings	23	<u>79,797,545</u>	<u>60,791,615</u>	<u>-</u>	<u>-</u>
Equity attributable to the owners of the Company		<u>381,758,458</u>	<u>374,526,164</u>	<u>216,865,979</u>	<u>211,965,654</u>
Gearing ratio		<u>21%</u>	<u>16%</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

(b) 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 asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

(c) Categories of financial instruments

	2022 RM	2021 RM
The Group		
<u>Financial assets measured at amortised cost</u>		
Receivables	12,520,602	24,268,212
Cash and bank balances	47,453,762	27,211,110
	<u>59,974,364</u>	<u>51,479,322</u>
<u>Financial liabilities measured at amortised cost</u>		
Payables	12,576,272	7,512,049
Bank borrowings	79,797,545	60,791,615
	<u>92,373,817</u>	<u>68,303,664</u>
The Company		
<u>Financial assets measured at amortised cost</u>		
Amounts owing by subsidiary companies	39,978,697	33,593,779
Cash and bank balances	1,504,716	2,513,698
	<u>41,483,413</u>	<u>36,107,477</u>
<u>Financial liability measured at amortised cost</u>		
Payables	416,833	334,000

(d) Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

(i) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from receivables (excluding deposits and prepaid expenses) and corporate guarantee provided by the Company to licensed banks on subsidiary companies' borrowings. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The trade receivables consist of a large number of customers and the Group does not have any significant credit risk exposure to any single customer. The Group trades only with recognised and creditworthy third parties and customers who have credit facility from licensed banks or government authorities. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the Group's and the Company's maximum exposure arising from receivables are represented by the carrying amounts in the statements of financial position and reduced by any collateral held.

As at the end of the reporting period, the Company's maximum exposure to credit risk represented by corporate guarantee is RM130,940,000 (RM101,940,000 in 2021) provided to banks for banking facilities granted to its subsidiary companies. The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the securities pledged by the subsidiary companies as disclosed in Note 23 to the financial statements.

(ii) *Liquidity risk*

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance their activities. The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of stand-by credit facilities with five different banks and by monitoring forecast and actual cash flows and matching the maturity profile of the borrowings.

As at end of the reporting period, the contractual undiscounted cash flows of the Group's and the Company's financial liabilities, grouped by maturity profiles, are as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

	Contractual interest rate %	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
The Group					
2022					
Payables	-	12,576,272	-	-	12,576,272
Bank borrowings	1.38 – 7.45	47,758,518	25,865,322	13,508,533	87,132,373
		<u>60,334,790</u>	<u>25,865,322</u>	<u>13,508,533</u>	<u>99,708,645</u>
2021					
Payables	-	7,512,049	-	-	7,512,049
Bank borrowings	1.38 – 6.45	54,659,846	4,999,182	2,146,895	61,805,923
		<u>62,171,895</u>	<u>4,999,182</u>	<u>2,146,895</u>	<u>69,317,972</u>
The Company					
2022					
Payables	-	416,833	-	-	416,833
Financial guarantees*	-	130,940,000	-	-	130,940,000
		<u>131,356,833</u>	<u>-</u>	<u>-</u>	<u>131,356,833</u>
2021					
Payables	-	334,000	-	-	334,000
Financial guarantees*	-	101,940,000	-	-	101,940,000
		<u>102,274,000</u>	<u>-</u>	<u>-</u>	<u>102,274,000</u>

*This disclosure represents the maximum liquidity risk exposure.

The Group has access to financing facilities consists of bank overdrafts and revolving credits, of which RM31,414,434 (RM20,990,061 in 2021) were unused as at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

	The Group	
	2022 RM	2021 RM
Secured banking facilities:		
Amount used	43,225,566	51,649,939
Amount unused	31,414,434	20,990,061
	<u>74,640,000</u>	<u>72,640,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

(iii) Interest rate risk

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

No sensitivity analysis is presented for fixed deposits with licensed banks given the interest earnings financial assets are fixed rate and these financial assets are measured at amortised cost.

The Group's exposure to interest rate risk arises primarily because the bank borrowings are at floating interest rates. The Group's policy is to manage interest cost by monitoring and negotiating the interest rate with the licensed banks periodically.

Interest rate sensitivity

The Group

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings as at the end of the reporting period. If interest rates had been 50 basis points (50 basis points in 2021) higher or lower and all other variables were held constant, the Group's finance costs for the year ended 31 December 2022 would increase/decrease by RM324,100 (RM302,200 in 2021). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

The Company

The sensitivity analyses below have been determined based on the exposure to interest rates for amounts owing by subsidiary companies as at the end of the reporting period. If interest rates had been 50 basis points (50 basis points in 2021) higher or lower and all other variables were held constant, the Company's interest income for the year ended 31 December 2022 would increase/decrease by RM187,000 (RM159,300 in 2021). This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

(e) Fair values measurements

The carrying amounts of current financial assets and financial liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting date. The fair value of long-term financial assets and financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments as at the end of the reporting period. There is no material difference between the fair values and carrying values of these assets and liabilities as at the end of the reporting period.

ANALYSIS OF SHAREHOLDINGS

as at 17 MARCH 2023

Total Number of Issued Shares	:	375,607,960
Issued Share Capital	:	RM187,803,980.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share

Size of Shareholdings

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	7	0.319	141	0.000
100 - 1,000	111	5.061	57,492	0.015
1,001 - 10,000	1,203	54.856	6,290,528	1.674
10,001 - 100,000	699	31.874	24,568,847	6.541
100,001 - 18,780,397 *	172	7.843	224,690,952	59.820
18,780,398 and above **	1	0.045	120,000,000	31.948
TOTAL	2,193	100.000	375,607,960	100.000

* - less than 5% of issued shares

** - 5% and above of issued shares

Thirty Largest Shareholders

NO.	Name	No. of Shares Held	%
1	ACCORDANT HOLDING SDN. BHD.	120,000,000	31.948
2	ASIA SELATAN (M) SDN. BHD.	11,349,900	3.021
3	TAI KAM KUAN	10,918,730	2.906
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO AH BAH @ TEO CHUANG KWEE (PB)	10,000,000	2.662
5	TAN CHING CHING	9,974,700	2.655
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO YU HONG (PB)	9,957,973	2.651
7	TEO YU YIN	9,957,973	2.651
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO CHOON KIAT @ TEO CHUAN KIT (PB)	9,249,699	2.462
9	TEO CHIEW PENG	9,191,782	2.447
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO YU HAN (PB)	9,000,000	2.396
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO YU CHIN (PB)	9,000,000	2.396
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR TEO YU YANG (PB)	9,000,000	2.396

ANALYSIS OF SHAREHOLDINGS

as at 17 MARCH 2023 (continued)

NO.	Name	No. of Shares Held	%
13	MAXIM MULTIMEDIA SDN BHD	8,500,000	2.262
14	CHA AKU WAI @ SIA AH KOW	6,091,128	1.621
15	TAN AH SIM @ TAN SIEW WAH	5,826,596	1.551
16	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR CHUNG EK FONG (8620-1501)	5,660,259	1.506
17	CHOO CHIN YEW	5,224,877	1.391
18	TAN HON KIAT @ TAN HOON SIONG	5,131,025	1.366
19	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA (7003958)	5,000,000	1.331
20	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH CHEE TONG	4,423,500	1.177
21	TAI TONG KUAN	4,000,000	1.064
22	AMSEC NOMINEES (ASING) SDN BHD AMBANK (M) BERHAD FOR ONG TENG SER (6065-1501)	3,784,190	1.007
23	TEO CHIEW LUAN @ TEO CHIEW NGOH	3,676,561	0.978
24	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR TEO YU YEN (8990-1101)	2,873,917	0.765
25	NOOR AINI BINTI MOHD TAHIR	2,355,439	0.627
26	CHEW KWEE HIOK	2,222,094	0.591
27	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG HUEY PENG	2,219,200	0.590
28	TEO YING YING	2,000,000	0.532
29	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIM WAH	1,700,000	0.452
30	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD MAYBANK SECIRITIES PTE LTD FOR TAN MENG CHIN	1,500,000	0.399

ANALYSIS OF SHAREHOLDINGS

as at 17 March 2023 (continued)

Substantial Shareholders with Holdings of 5% and Above

	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	ACCORDANT HOLDING SDN BHD	120,000,000	31.948	-	-
2	TEO AH BAH @ TEO CHUANG KWEE	10,000,000	2.662	125,660,259	33.455
3	TEO YU HONG	10,017,973	2.666	128,500,000	34.211
4	TEO CHOON KIAT @ TEO CHUAN KIT	9,249,699	2.462	121,000,000	32.214

Directors' Shareholdings

	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	TEO YU HONG	10,017,973	2.666	128,500,000 ^{&}	34.211
2	CHEW KWEE HIOK	2,222,094	0.591	-	-
3	TEO YU YANG	9,000,000	2.395	-	-
4	TEO YU YIN	9,957,973	2.651	-	-
5	TAN CHIA HON	-	-	-	-
6	WONG WEN TAK	-	-	-	-
7	YH DATO' CHONG KEAP THAI @ CHEONG KEAP TAI	-	-	-	-
8	CHAN CHONG WEY	-	-	-	-
9	SR HJ KHALID BIN ABDUL RAHMAN	-	-	-	-

& Deemed interest by virtue of his interest in Accordant Holding Sdn. Bhd. and directorship in Maxim Multimedia Sdn. Bhd.

LIST OF PROPERTIES

A) INVESTMENT PROPERTIES

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Age of Building 3) Number of Storeys 4) Gross Built-up Area And Net Usable Area	Description of Existing Use	Carrying Amount as at 31.12.2022 RM	Date of Valuation
1 HS(D) No 44970, PT No 4836 (New Geran 34879 Lot 8605), Mukim of Bukit Baru, Daerah Melaka Tengah, Melaka	Freehold	1) 2,661.0 sq m (28,643.7 sq ft) 2) 18 years old 3) 5 Storeys 4) 8,402 sq.m (90,440 q.ft.)	Building (Apartment)	7,698,000	31.12.2020
2 HS(D) No 69009, PT No 7862, Mukim of Bukit Baru, Daerah Melaka Tengah, Melaka	Freehold	1) 6,347 sq m 2) 12 years old 3) 10 Storeys 4) 17,068.83 sq.m (183,727 sq ft)	Building (Apartment)	24,349,000	31.12.2020
3 HS(D) Nos 44971 & 44972 PT Nos 4837 & 4838 (New Geran 34880 & 34881, Lot 8606 & 8607), Mukim of Bukit Baru, Daerah Melaka Tengah, Melaka	Freehold	1) 4,848.0 sq m (52,186.3 sq ft) 2) 20 years old 3) 5 Storeys 4) 15,667.1 sq m (168,648 sq ft)	Building (Apartment and Commercial)	18,601,000	31.12.2020
4 HS(M) Nos 4003 to 4007 (inclusive), PTD Nos 43205 to 43209 (inclusive), Mukim of Senai-Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold	1) 27,652.1 sq m (297,644.4 sq ft) 2) 23 to 26 years old 3) Factory: 1 storey Office : 2 storey 4) 12,105.2 sq m (130,299.0 sq ft)	Industrial	15,402,000	31.12.2020
5 Grant Mukim No 72933, PTB No 1588 (New Lot No 42669), Mukim of Senai-Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold	1) 5,975.77 sq m (64,327.20 sq ft) 2) 16 years old 3) Factory : 1 storey Office : 2 storey 4) 2,816.04 sq m (30,312 sq ft)	Industrial	4,019,000	31.12.2020
6 Grant Mukim No 72934, PTB No 1589 (New Lot No 42670), Mukim of Senai-Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold	1) 7,411.24 sq m (79,774.0 sq ft) 2) 19 years old 3) Factory : 1 storey Office : 2 storey 4) 3,424.8 sq m (36,865.0 sq ft)	Industrial	4,839,000	31.12.2020

LIST OF PROPERTIES (continued)

A) INVESTMENT PROPERTIES

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Age of Building 3) Number of Storeys 4) Gross Built-up Area And Net Usable Area	Description of Existing Use	Carrying Amount as at 31.12.2022 RM	Date of Valuation
7 H.S.(D) 385242 PTD 87573, Mukim of Senai-Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold	1) 7,334 sq m (78,942 sq ft) 2) 26 years old 3) Factory : 1 storey Office : 2 storey 4) 2,958.87 sq m (31,849 sq ft)	Industrial	3,821,000	31.12.2020
8 #07-01, #07-02, #07-03, #07-04, #07-05, #07-06, #07-07, #24-05, #24-06, #24-07, #0G-01, #0G-02, #G-03, #G-01A (Old 07-01, 07-02, 07-03, 07-03A, 07-05, 07-10, 07-11, 23A-05, 23A-06, 23A-07, R3, R2, R1, G-01), Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100 Johor Bahru.	Freehold	1) N/A 2) 4 1/2 years old 3) N/A 4) 2,380 sq m (25,600 sq ft)	Building (Versatile Business Suites & Retails)	12,749,500.00	31.12.2020

LIST OF PROPERTIES(continued)

B) PROPERTIES HELD FOR FUTURE DEVELOPMENT

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Gross Area	Description of Existing Use	Carrying Amount as at 31.12.2022	Date of Valuation / Acquisition
1 PTD 190757 (New PTD 177287) HS(D) 453570 (New Geran 392632), Mukim of Plentong, Daerah Johor Bahru, Johor Darul Takzim	Freehold	4,731 sq m	Industrial	1,160,034	30.09.2003
2 PTD 205372 H.S.(D) 609210, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold	29,096.89 sq m	Industrial	16,289,190	28.12.2019
3 PTD 205377 H.S.(D) 609214, Mukim Tebrau, Daerah Johor Bahru, Johor	Freehold	41,216.87 sq m	Industrial	21,436,736	01.11.2021
4 HS(D) No. 2792 & 2794, PTD No. 681 & 683 Mukim of Kota Tinggi, Daerah Kota Tinggi, Johor Darul Takzim	Leasehold for 930 years expiring on 20.06.2911. It has an unexpired term of approximately 889 years	148.065 hectares (365.869 acres)	Agricultural	43,685,195	31.12.2014
5 PTD 58433 to 58437 HS (M) 18235 to 18239 (Old Geran Mukim No 2089, Lot No 1648), Mukim of Kluang, Daerah Kluang, Johor Darul Takzim	Freehold	3.0494 hectares (7.535 acres)	Industrial	3,510,198	31.12.2014
6 PTD 75277 to 75279, PTD 75282 to 75284, PTD 75286, PTD 75288 to 75289, PTD 75296 & 75297 HS(M) 16555 to 16557, HS(M) 16558 to 16560, HS(M) 16562, HS(M) 16563 to 16564, HS(M) 16567 & 16568, Mukim of Kluang, Daerah Kluang, Johor Darul Takzim	Freehold	62,680 sq m	Industrial	7,979,749	30.09.2003

LIST OF PROPERTIES (continued)

B) PROPERTIES HELD FOR FUTURE DEVELOPMENT

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Gross Area	Description of Existing Use	Carrying Amount as at 31.12.2022	Date of Valuation / Acquisition
7 Grant Mukim No 865, Lot No 11063, Mukim of Sri Gading, Daerah Batu Pahat, Johor Darul Takzim	Freehold	2.197 hectares (5.429 acres)	Agricultural	616,595	31.12.2014
8 PT 5323 HS(D) 19388 (Old PN No. 2659, Lot 2126) Mukim Baru Ulu, Daerah Alor Gajah, Melaka	Leasehold for 99 years expiring on 11.08.2082. It has an unexpired term of approximately 60 years	3.6513 hectares	Residential	931,885	01.10.2013
9 PT 5324 to 5325 HS(D) 19389 to 19390 (Old PN No. 2659, Lot 2126) Mukim Baru Ulu, Daerah Alor Gajah, Melaka	Leasehold for 99 years expiring on 11.08.2082. It has an unexpired term of approximately 60 years	2.1339 hectares	Residential	613,161	01.10.2013
10 PT 5059 to 5096, PT 5137 to 5173 & PT 5417 to 5440 HS(D) 18847 to 18884, HS(D) 19241 to 19205 & HS(D) 21396 to 21419, Mukim Sungai Baru, Ulu, Daerah Alor Gajah, Melaka	Leasehold for 99 years expiring on 19.10.2108 or 24.10.2109. It has an unexpired term of approximately 87-88 years	36,681 sq m	Residential	3,604,049	31.12.2014
11 PT 2220 & 2221, PT 2232 & 2233 HS(D) 70189 & 70190, HS(D) 72781 & 72182 (Old Lot No. 3473 GRN 38499), Mukim Sungei Udang, Daerah Melaka Tengah, Melaka	Freehold	11.0316 hectares	Agricultural	8,941,531	31.12.2014
12 Geran 54521 to 54557 Lot 14469 to 14505 (Old PT 2179 to 2215 HS(D) 69614 to 69650), Mukim Sungei Udang, Daerah Melaka Tengah, Melaka	Freehold	6,959 sq m	Commercial	1,892,403	31.12.2014

LIST OF PROPERTIES (continued)

B) PROPERTIES HELD FOR FUTURE DEVELOPMENT

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Gross Area	Description of Existing Use	Carrying Amount as at 31.12.2022	Date of Valuation / Acquisition
13 GM136 Lot. 1777 Mukim Sungai Baru Ibir, Daerah Alor Gajah, Melaka	Freehold	4.0376 hectares	Agricultural	1,901,258	31.12.2014
14 PT 3039 HS(D) 26805 and PT 3040 HS(D) 26806 (Old Master Lot 1065, GM 16553) Mukim Sungai Petai, Alor Gajah, Melaka	Freehold	40,744 sq m	Agricultural	3,640,068	06.11.2013
15 Lot 2390 & Lot 503, Mukim Masjid Tanah, Alor Gajah, Melaka	Freehold (Lot2390), Leasehold (Lot503) for 99 years expiring on 29.11.2037. It has an unexpired term of approximately 17 years	4.5346 acres	Agricultural	1,021,470	30.05.2014
16 Lot 2379, GRN 3054, Mukim Masjid Tanah, Alor Gajah, Melaka	Freehold	2.0010 acres	Agricultural	397,225	30.05.2014
17 PT 2315 HS(D) 32546, PT 2438 to PT 2533 HS(D) 32669 to HS(D) 32764, Mukim of Pegoh, Daerah Alor Gajah, Melaka	Freehold	32,133.6 sq m	Residential	7,528,933	31.12.2014
18 Lot 259, GM 105, Mukim Tebrau, Dearah Johor Bahru, Johor	Freehold	0.6956 hectares (1A.2R.35P)	Industrial	2,191,573	31.12.2014
19 Lot 2922, GM 257 (New Lot 44573), Mukim of Tebrau, District of Johor Bahru, Johor	Freehold	1.892 hectares	Service Apartment	10,888,741	31.12.2014
20 PTD 175886 HS(M) 4037 (Old Lot 2920 GM 1514 (New Lot 44571) & Lot 44572, GM 726), Mukim of Tebrau, District of Johor Bahru, Johor	Freehold	13,698.5 sq m	Service Apartment	7,151,631	31.12.2014

LIST OF PROPERTIES (continued)

B) PROPERTIES HELD FOR FUTURE DEVELOPMENT

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Gross Area	Description of Existing Use	Carrying Amount as at 31.12.2022	Date of Valuation / Acquisition
21 Lot 2932 GM 69, Mukim of Tebrau, District of Johor Bahru, Johor	Freehold	0.9611 hectares	Service Apartment	6,075,070	31.12.2019
22 PTD 12138 HS(M) 2732 (Old Master Lot 5698), Mukim Rimba Terjun, District of Pontian, Johor	Freehold	1.076 hectares	Agricultural	1,147,639	02.07.2012
23 PTD 16479 HS(M) 6693 (Old Master Lot 2450), Mukim Pontian, District of Pontian, Johor	Freehold	1.0648 hectares	Agricultural	999,770	19.02.2013
24 PTD 17945 to PTD 17959, PTD 17960 HS(M) 8120 to HS(M) 8134, HS(M) 8179 (Old PTD 16480 HS(M) 6694), Mukim Pontian, District of Pontian, Johor	Freehold	1.0648 hectares	Residential	1,132,024	19.02.2013
25 Lot 172662 GM 575245 (Old PTD 162933 HS(D) 500386), Mukim Tebrau, District of Johor Bahru, Johor	Freehold	4,832.12 sq m	Commercial	8,736,080	05.12.2014
26 Lot 180769 GM 602105, Mukim Tebrau, District of Johor Bahru, Johor	Freehold	2,591.0 sq m	Commercial	3,222,901	14.10.2021
27 H.S (M) 4171 PTD 195568 (Old GM1271 Lot 35694 & GM 1272 Lot 35693), Mukim Tebrau, District of Johor Bahru, Johor	Freehold	6,323 sq m	Commercial	10,670,886	10.01.2018
28 Lot 1216, GM 253, Mukim Sri Gading, Batu Pahat, Johor	Freehold	1.2444 Hectares	Agricultural	1,053,776	13.12.2016
29 Lot 1218, GM 2519, Mukim Sri Gading, Batu Pahat, Johor	Freehold	1.2343 Hectares	Agricultural	1,053,776	13.12.2016
30 Lot 2868, Geran 23160, Mukim Masjid Tanah, Alor Gajah, Melaka	Freehold	3.501 Hectares	Agricultural	2,626,295	14.11.2017
31 Lot 1201, GM 9336, Mukim Sri Gading, Batu Bahat, Johor	Freehold	8.91 acres	Industrial	5,265,614	13.12.2016

LIST OF PROPERTIES (continued)

B) PROPERTIES HELD FOR FUTURE DEVELOPMENT

Location	Land Tenure / Date of Expiry of Lease	1) Land Area Subject to Valuation 2) Gross Area	Description of Existing Use	Carrying Amount as at 31.12.2022	Date of Valuation / Acquisition
32 Lot 5597, GM 9337, Mukim Sri Gading, Batu Bahat, Johor	Freehold	3.9609 hectares	Agricultural	5,585,392	13.12.2016
33 PTD 17876 to PTD 17903, PTD 17905 HS(M) 8135 to HS(M) 8162, HS(M) 8164 (Old Master Lot 2027), Mukim Pontian, Pontian	Freehold	1.9171 hectares	Residential	3,582,391	23.03.2016
34 Lot 6630, HS(M) 16102, Mukim Sri Gading, Batu Pahat, Johor	Freehold	1.123 hectares	Agricultural	864,129	13.12.2016
35 Lot 1217, GM 11849, Mukim Sri Gading, Batu Pahat, Johor	Freehold	1.0142 hectares	Agricultural	824,726	13.12.2016
36 Lot 1919 Geran 4920 & 1920 Geran 172, Mukim Masjid Tanah, Alor Gajah, Melaka	Freehold	19.831 acres	Agricultural	6,137,188	14.11.2017
37 PTD 5742, Mukim Api-Api, Daerah Pontian, Johor	Freehold	2.592 hectares	Agricultural	1,930,209	27.07.2017
38 GM 231 Lot 951, Mukim Bukit Senggeh, Jasin, Melaka	Freehold	2.2561 hectares	Agricultural	1,095,773	17.10.2018
39 PTD 16272 to PTD 16292 HS(M) 4355 to HS(M) 4375 (Old Master Lot 936), Mukim Durian Tunggal, Alor Gajah, Melaka	Freehold	1.3785 hectares	Residential	1,844,081	25.04.2019
40 GM 927 Lot 933, Mukim Durian Tunggal, Alor Gajah, Melaka	Freehold	1.8211 hectares	Agricultural	1,726,262	25.04.2019
41 Lot 7019 GM 4733, Mukim Pontian, Daerah Pontian, Johor	Freehold	1.286 hectares	Agricultural	1,063,537	28.08.2020
42 Lot 1918 GM 7919, Mukim Masjid Tanah, Daerah Alor Gajah, Melaka	Freehold	4.1708 hectares	Agricultural	2,515,516	13.11.2019
43 Lot 1329 GM 4247, Mukim of Pegoh, Daerah Alor Gajah, Melaka	Freehold	0.7876 hectares	Agricultural	1,216,446	31.12.2021

GROMUTUAL BERHAD
(Registration No. 200301022614) (625034-X)
(Incorporated in Malaysia)

PROXY FORM

No. of shares held	
CDS Account No.	

I/We _____ Tel _____
(Full name in block, NRIC/Passport/Company No.)

_____ of _____

being member(s) of **GROMUTUAL BERHAD** hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the 20th Annual General Meeting of the Company to be held at **Austin 18, Jalan Austin Perdana 3, Taman Austin Perdana, 81100, Johor Bahru, Johor, Malaysia** on **Monday, 29 May 2023** at **10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Ordinary Resolution	**FOR	**AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.			
Ordinary Business:				
2.	Approval for the payment of Directors' fees of RM388,333 for the financial year ended 31 December 2022.	1		
3.	Approval for the payment of Directors' benefits at the capping amount of RM30,000 from 20th Annual General Meeting to 21st Annual General Meeting of the Company.	2		
4.	Re-election of the following Directors who retire by rotation pursuant to Clause 76(3) of the Company's Constitution ("Constitution").			
4.1	Mr. Teo Yu Hong	3		
4.2	YH Dato' Chong Keap Thai @ Cheong Keap Tai	4		
5.	Re-election of the following Directors who retire from the Board pursuant to Clause 78 of the Company's Constitution ("Constitution").			
5.1	Ms. Tan Chia Hon	5		
5.2	Mr. Chan Chong Wey	6		
5.3	Mr. SR HJ Abdul Khalid Bin Abdul Rahman	7		
6.	Re-appointment of BDO PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.	8		
Special Business:				
7.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	9		

****Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.**

Signed this.....day of.....2023.

Signature ***
Member

Fold this flap for sealing

*** Manner of execution:

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. For the purpose of determining who shall be entitled to attend this Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at **22 May 2023**. Only a member whose name appears on this Record of Depositors shall be entitled to attend this Annual General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at this Annual General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
4. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (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 of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The appointment of a proxy may be made in a hard copy form or by electronic form. In the case of appointment made in hardcopy form, the proxy form must be deposited with the Registered Office of the Company at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor. In the case of electronic appointment, the proxy form must be deposited via TIH Online at <https://tiah.online>. Please follow the procedure as set out in the Administrative Guide for the 20th AGM on electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company situated at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau 80300 Johor Bahru, Johor, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting or adjourned Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging this proxy form is **Saturday, 27 May 2023 at 10.00 a.m.**
11. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
 - a. Identity card (NRIC) (Malaysian), or
 - b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
 - c. Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.
13. Shareholders are advised to check the Company's website at www.gromutual.com and announcements from time to time for any changes to the administration of the 20th AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

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AFFIX
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**The Company Secretary
GROMUTUAL BERHAD**

(Registration No. 200301022614) (625034-X)
Suite 1301, 13th Floor, City Plaza,
Jalan Tebrau,
80300 Johor Bahru,
Johor Darul Takzim,
Malaysia.

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GROMUTUAL

Gromutual Berhad Company No: 200301022614 (625034-X)
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