CREST BUILDER HOLDINGS BERHAD

200201005719 (573382-P)

ANNUAL REPORT 2022

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CORPORATE **PROFILE**

Crest Builder Holdings Berhad ("CBHB") was incorporated in Malaysia under the Companies Act 1965 on 9 March 2002 as a public limited liability company. CBHB is principally an investment holding company and had successfully undertaken a Corporate and Debt Restructuring Scheme which involved taking over the listing status of MGR Corporation Berhad. CBHB was listed on the Main Board of Bursa Malaysia Securities Berhad on 12 June 2003.

The CBHB Group was founded in 1983 by the late Mr. Yong Soon Chow. What started out as a small timer of less than 10 staff has grown to a strong corporation of approximately 200 staff under its stable. Over the past 39 years, the CBHB Group has carved a strong foothold in the local construction industry. With in-depth industry experience, the CBHB Group has a proven and established track record in the sector – especially in the commercial, residential and institutional building construction. The Group counts top branded developers and international property players amongst its clientele.

With a good blend of experience and vibrant protégés in its management team, the CBHB Group has moved along the supply chain and diversified beyond purely construction into other construction-related activities, such as property development, mechanical & electrical engineering ("M&E") services and project management – and upon completion of our RM300 million maiden development namely 3 Two Square, the Group has also diversified into property management as well as car park management.

The Group has also completed various developments, including the UNITAR Campus at Tierra Crest, and a series of residential and commercial projects, including Alam Idaman, Avenue Crest, Alam Sanjung and Residensi Hijauan in Shah Alam. The Group also manages a concession of the 5,000-student capacity UiTM Tapah campus which ends in 2034. Together with the conventional developments, the Group has also secured the privatisation and the redevelopment of Dang Wangi LRT station and Kelana Jaya LRT station. In addition, the Group has just launched Interpoint, a new property development project in Bukit Tinggi, Klang, in 2023.

With the vision to be the 'Preferred' organisation of choice by the partners and customers, the Group aspires to achieve distinction in the industry through prudent cost management, highest standards of quality and complete customer satisfaction. The Group has a track record of achieving a QLASSIC score of 86% for its construction projects, an impressive result in the high-rise residential category. The Group is committed to providing the best quality products and services for its existing and future projects.

NOTICE OF 21st
ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st annual general meeting will be held

Venue	Sime Darby Convention Centre 1A, Jalan Bukit Kiara 1 60000 Kuala Lumpur
Day, date and time	Thursday, 25 May 2023 at 10:00 a.m.

AGENDA

Ordinary business

1. Laying of audited financial statements and reports

To lay the duly audited financial statements consisting of the consolidated statement of comprehensive income, the consolidated statement of financial position, the reports of the directors and auditors for the financial year ended 31 December 2022, in compliance with Section 340(1)(a) and 266(1)(a) of the Companies Act 2016 respectively.

Please refer to Note 2 of the Statement Accompanying Notice of 21st Annual General Meeting

2. Election of director

THAT re-election of the Managing Director, Mr. Yong Shang Ming, who retires in accordance with Article 79 of the Company's Constitution, be hereby approved. ***Resolution 1***

3. Election of director

THAT re-election of the Independent Non-Executive Director, Mr. Lim Boon Teng, who retires in accordance with Article 79 of the Company's Constitution, be hereby approved. ***Resolution 2***

4. Appointment of auditors

THAT the appointment of Messrs Baker Tilly Monteiro Heng PLT, Chartered Accountants, as the auditors in accordance with Article 57 of the Company's Constitution and pursuant to Section 271(4)(a) of the Companies Act 2016 for the ensuing financial year ending 31 December 2023 be confirmed and that the directors be authorised to fix the remuneration of the auditors pursuant to Section 274(1)(a) of the Companies Act 2016 be hereby approved. ***Resolution 3***

NOTICE OF 21ST ANNUAL GENERAL MEETING
(CONT'D)

Special business

5. Approval for fees for directors pursuant to Section 230(1)(a) of the Companies Act 2016

THAT the payment of RM198,000 as fees for directors for the financial year ended 31 December 2022 (2021: RM198,000) and payment of RM198,000 as fees for directors for the financial year ending 31 December 2023 in accordance with Article 88 of the Company's Constitution be hereby approved. ***Resolution 4***

6. Allotment of shares or grant of rights with the Company approval pursuant to Section 76 of the Companies Act 2016

THAT pursuant to Section 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the directors be empowered for the purposes of Section 75(1) of the Companies Act 2016 to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting ("AGM") be hereby approved. ***Resolution 5***

AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Article 4(A) of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to Sections 75 and 76 of the Companies Act 2016.

7. Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital

THAT subject to Section 127 of the Companies Act 2016 and rules, regulations or orders made pursuant to the Companies Act 2016, provisions of the Company's Constitution and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the directors of the Company be and are hereby authorised to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital, such purchases to be made through Bursa Securities subject further to the following: ***Resolution 6***

(i) the aggregate number of ordinary shares in Crest Builder Holdings Berhad ("CBHB Shares") which may be purchased or held by the Company shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company ("Proposed Share Buy-Back"), subject to the restriction that the issued and paid-up ordinary share capital of CBHB does not fall below the minimum share capital requirements of the Listing Requirements of Bursa Securities ("Listing Requirements") applicable to a company listed on the Main Market of Bursa Securities and that the listed issuer continues to maintain a shareholding spread that is in compliance with the requirements of the Listing Requirements after the share purchase;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the CBHB Shares under the Proposed Share Buy-Back shall not exceed the retained earnings account of the Company for the time being which stood at RM22,815,523 as at 31 December 2022 based on the latest audited financial statements of CBHB for the financial year ended 31 December 2022;

NOTICE OF 21ST ANNUAL GENERAL MEETING
(CONT'D)

7. Proposed renewal of share buy-back authority of up to ten percent (10%) of the issued and paid-up share capital (Cont'd)

(iii) the authority conferred by this resolution to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:

(a) the conclusion of the next AGM of the Company at which such resolution was passed at the time which the authority would lapse unless renewed by ordinary resolution, either unconditionally or conditionally; or

(b) the expiration of the period within the next AGM of the Company after that date is required by the Companies Act 2016 to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company of the CBHB Shares before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and

(iv) upon completion of the purchase(s) of the CBHB Shares by the Company, the directors of the Company be and are hereby authorised to retain the CBHB Shares so purchased as treasury shares, which may be distributed as dividends to shareholders, cancel and/or resold on Bursa Securities, in the manner as prescribed by the Companies Act 2016, rules, regulations and orders made pursuant to the Companies Act 2016 and the requirements of Bursa Securities and any other relevant authority for the time being in force,

AND THAT the directors of the Company be and hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the said directors may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of CBHB Shares.

By order of the Board

Company Secretary
Heng Chiang Pooh FCIS (CS) (CGP)
(MAICSA 7009923)

Dated: 3 April 2023

NOTICE OF 21ST ANNUAL GENERAL MEETING
(CONT'D)

Notes

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of the Companies Act 2016 shall apply.*

2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Companies Act 2016.*

3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*

4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*

5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*

6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 18 May 2023 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

STATEMENT ACCOMPANYING
NOTICE OF 21ST ANNUAL GENERAL MEETING

1. VOTING BY WAY OF POLL

Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, all resolutions set out in this notice shall be put to vote by way of poll.

2. ORDINARY BUSINESS – AGENDA 1

The laying of audited financial statements and the reports of the directors and auditors are in compliance with Section 340(1)(a) and 266(1)(a) of the Companies Act 2016 respectively. It is meant for discussion only and does not require voting by shareholders.

3. ORDINARY BUSINESS – RESOLUTION 1 & 2

The Nomination and Remuneration Committee had assessed the retiring directors based on Constitution and the particulars of the retiring directors who are standing for re-election are set out in the relevant pages of the Annual Report as follows.

Name of Directors	Directors' Profile	Directors' Shareholdings
Mr. Yong Shang Ming (Managing Director)	Page 12	Page 175
Mr. Lim Boon Teng (Independent Non-Executive Director)	Page 14	Page 175

Details of directors' attendance at Board Meetings are set out in the Statement of Overview on Corporate Governance on Page 51 of the Annual Report.

The Nomination and Remuneration Committee had also assessed on the retirement from office of the two Independent Non-Executive Directors, namely Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan based on compliance of the amendments to the MMLR in relation to director appointment, independence and miscellaneous changes. Both of them had served the Company since 25 February 2003 and 26 February 2003 respectively.

The Board expressed and recorded a special note of appreciation and gratitude to Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan who had served the Company with unwavering dedication and had provided invaluable contributions during their tenure in office.

4. ORDINARY BUSINESS – RESOLUTION 3

Pursuant to Section 273(b) of the Companies Act 2016, an auditor shall cease to hold office at the conclusion of the annual general meeting next following his appointment, unless the auditor is re-appointed.

STATEMENT ACCOMPANYING NOTICE OF 21ST ANNUAL GENERAL MEETING (CONT'D)

5. SPECIAL BUSINESS – RESOLUTION 4

This authorisation by the general meeting would enable the payment of directors' remuneration in accordance with Article 88 of the Company's Constitution as follows:

Article 88 - Directors' Remuneration

The directors shall be paid by way of remuneration for their services such fixed sums (if any) as shall from time to time be determined by the Company in general meeting, and such remuneration shall be divided among the directors in such proportion and manner as the directors may determine. Provided always that:

(a) fees payable to directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover;

(b) salaries payable to directors who do hold an executive office in the Company may not include a commission on or percentage of turnover;

(c) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an Alternate Director shall be such as agreed between herself and the director nominating her shall be paid out of the remuneration of the latter.

6. SPECIAL BUSINESS – RESOLUTION 5

The Company had during its 20th annual general meeting held on 14 June 2022, obtained its shareholders' approval for the general mandate pursuant to Section 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the directors be empowered for the purposes of Section 75(1) of the Companies Act 2016 to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued and paid-up capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting be hereby approved. The Company did not issue any shares pursuant to the said mandate.

This Proposed Resolution 5 which is an Ordinary Resolution, if passed, will grant a renewed general mandate and waiver of the statutory pre-emptive rights which will provide flexibility for the Company and will empower the directors to issue new shares in the Company up to an amount not exceeding in total ten percent (10%) of the issued share capital of the Company for the purpose of funding current and/or future investment projects, working capital, and/or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will be valid until the conclusion of the next annual general meeting.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company shall make an announcement in respect thereof.

7. SPECIAL BUSINESS – RESOLUTION 6

The Proposed Share Buy-Back of up to ten percent (10%) of the issued and paid-up share capital, if approved by the shareholders of the Company, will enable the Company to make purchases of ordinary shares comprised in the Company's issued and paid-up ordinary share capital. Further information can be obtained in the accompanying Circular dated 3 April 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah
Non-Executive Chairman

Yong Shang Ming
Managing Director

Koh Hua Lan (f)
Executive Director

Mohd Khasan bin Ahmad
Independent Non-Executive Director

Kam Yong Kan
Independent Non-Executive Director

Lim Boon Teng
Independent Non-Executive Director

Yong Tiok Keng (f)
Alternate Director to Koh Hua Lan (f)

AUDIT COMMITTEE

Chairman
Mohd Khasan bin Ahmad

Member
Kam Yong Kan **Lim Boon Teng**

NOMINATION AND REMUNERATION COMMITTEE

Chairman
Lim Boon Teng

Member
Mohd Khasan bin Ahmad **Kam Yong Kan**

COMPANY SECRETARY

Heng Chiang Pooh FCIS (CS) (CGP)
(MAICSA 7009923)

REGISTERED OFFICE

No. 62-2, Jalan 2A/27A
Section 1, Wangsa Maju
53300 Kuala Lumpur
Tel : 03-4148 1888 **Fax** : 03-4149 1888

PRINCIPAL PLACE OF BUSINESS

Penthouse, The Crest
3 Two Square, No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7841 6000 **Fax** : 03-7841 6088
Email : corporate@crestbuilder.com.my

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel : 03-6201 1120 **Fax** : 03-6201 3121

AUDITORS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City, 59200 Kuala Lumpur
Tel : 03-2297 1000 **Fax** : 03-2282 9980

PRINCIPAL BANKERS

AmBank (M) Berhad
Bank Islam Malaysia Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad

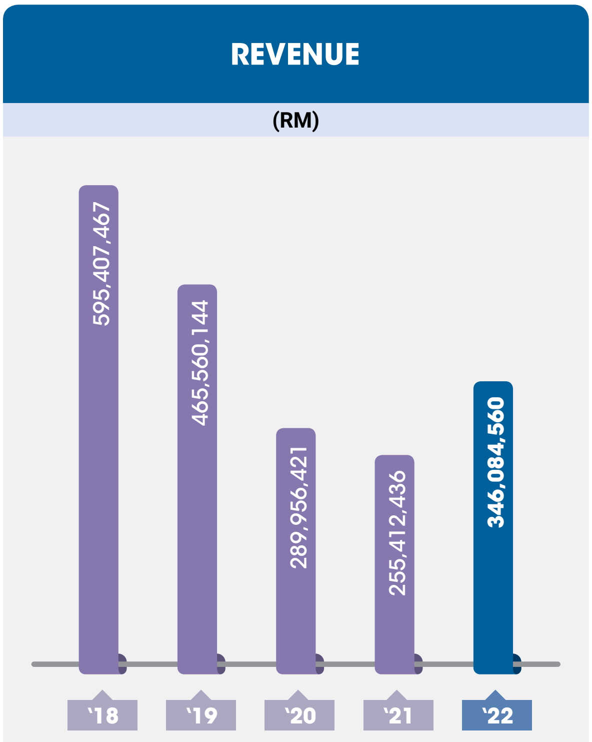
STOCK EXCHANGE LISTING

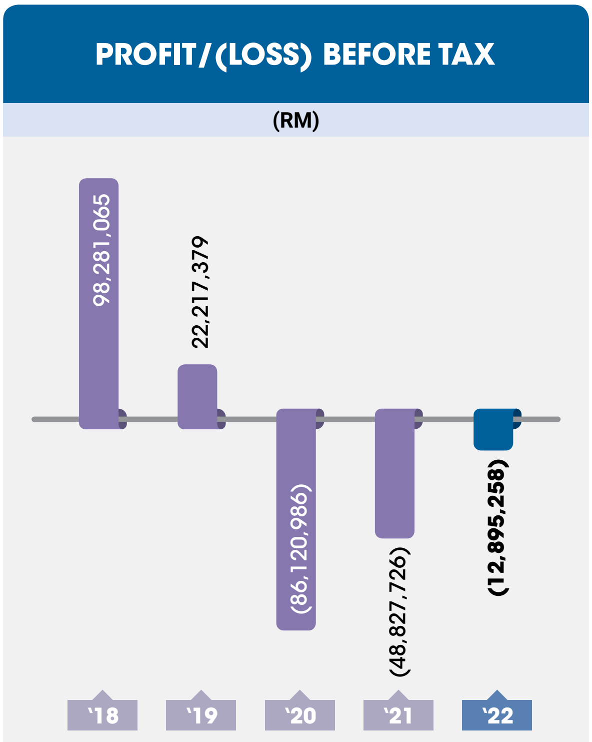
Bursa Malaysia Securities Berhad - Main Market
Sector : Construction

FINANCIAL **HIGHLIGHTS**

Financial Year Ended	2018 RM	2019 RM	2020 RM	2021 RM	2022 RM
Revenue	595,407,467	465,560,144	289,956,421	255,412,436	**346,084,560**
Profit/(Loss) Before Tax	98,281,065	22,217,379	(86,120,986)	(48,827,726)	**(12,895,258)**
Profit/(Loss) for the Financial Year	72,180,738	16,874,670	(74,825,827)	(43,554,828)	**(12,305,497)**
Profit/(Loss) attributable to Owners of the Company	70,335,634	19,206,979	(77,110,918)	(44,987,888)	**(14,951,889)**
Total Equity attributable to Owners of the Company	487,266,134	492,439,352	408,995,043	361,195,087	**346,243,198**
Net Assets per Share (RM)	2.87	3.02	2.52	2.23	**2.14**
Total Number of Shares (net of Treasury Shares)	169,909,457	162,880,557	162,107,557	162,107,557	**162,107,557**
Basic Earnings/(Loss) per Share (sen)	41.21	11.55	(47.53)	(27.75)	**(9.22)**
Diluted Earnings/(Loss) per Share (sen)	41.21	11.55	(47.53)	(27.75)	**(9.22)**
Gross Dividend (%)	4.50*	3.50*	0.00	0.00	**0.00**

* *Single Tier Dividend*

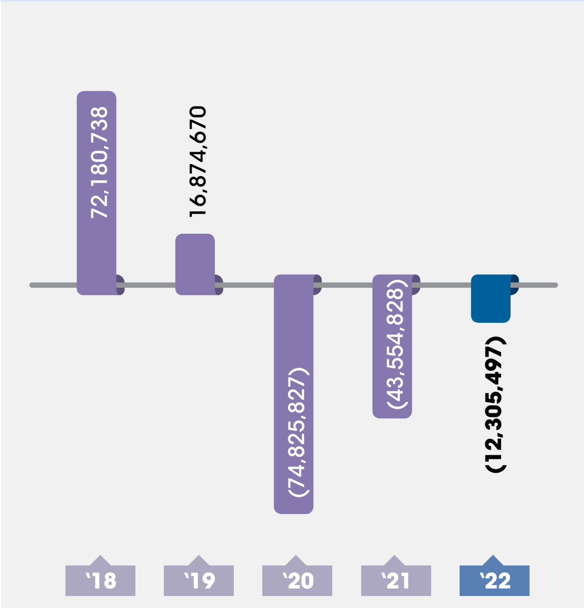




FINANCIAL HIGHLIGHTS (CONT'D)

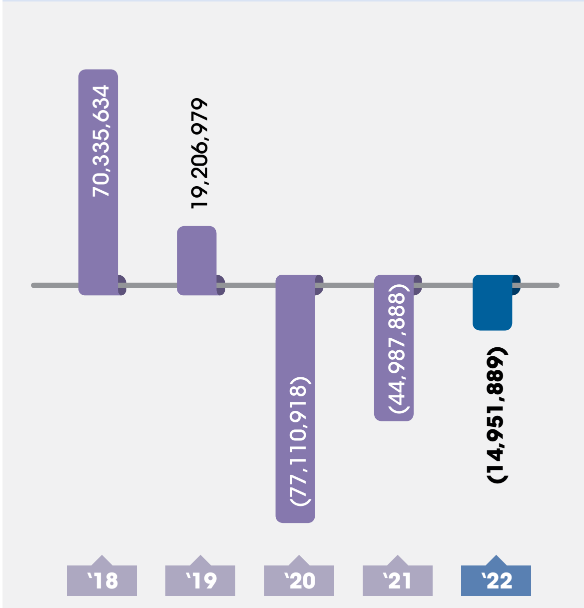
PROFIT/(LOSS) FOR THE FINANCIAL YEAR

(RM)



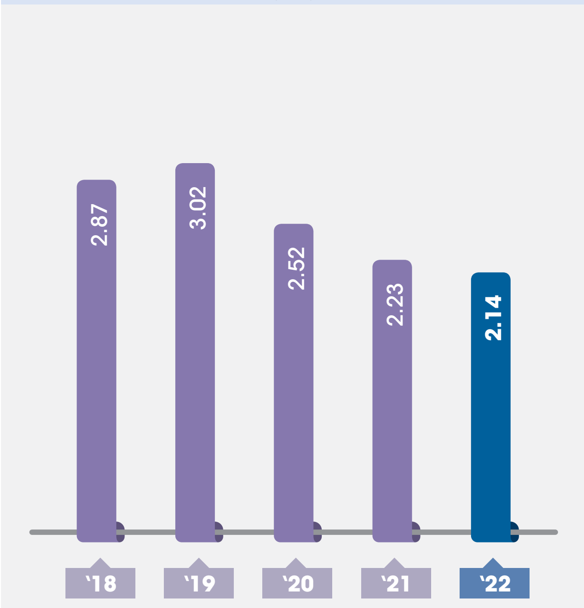
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

(RM)



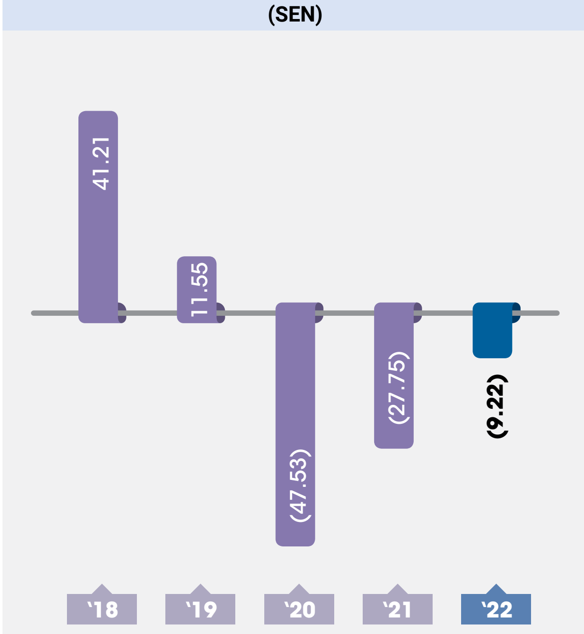
NET ASSETS PER SHARE

(RM)



BASIC EARNINGS/(LOSS) PER SHARE

(SEN)



DIRECTORS' PROFILE

TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH

Non-Executive Chairman

Aged 67

Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah was appointed to the Board on 26 February 2003 as Executive Chairman and he was re-designated as the Non-Executive Chairman with effect from 1 March 2005. Tengku Dato' Sulaiman Shah has over 35 years of experience in the construction, printing, advertising, freight industries and health products. He was appointed as the "Orang Besar Istana" in year 1996 with the bestowed title of "Tengku Setia". In year 2007, he was awarded "Dato' Sultan Sharafuddin Idris Shah" (D.S.I.S). He is primarily responsible for the orderly conduct and working of the Board and the public relation and communication affairs of the Group.

He attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

YONG SHANG MING

Managing Director

Aged 40

Yong Shang Ming * was appointed to the Board on 31 January 2008. He graduated his Bachelor Degree in Civil Engineering from City University London in 2003. He joined the Group in June 2003 as the Special Assistant to the former Group Managing Director, and was promoted to the Board as Executive Director in 2008. He has been the Group Managing Director since 2015, and has been instrumental in the overall operations, business strategies and direction of the Group. With over 20 years of experience in the sector, Eric, as he is fondly known as, is directly involved in the construction tender and business development, whilst overseeing the construction operations. As a driver of quality, he has been constantly pushing the team for higher quality achievements – and this has been demonstrated in recent QLASSIC scorings, whereby the Capri Hotel by Fraser and the South Brooks at Desa ParkCity both achieved the highest QLASSIC scores in their respective segments, putting Crest Builder's name at the pinnacle for two out of the four available categories. With his passion and experience in the sector, he is also the brainchild for all the Group's property development projects – being directly involved from the project inception, planning, development and marketing. He has been an active speaker at various seminars and talks, covering topics on construction and property sector as well as motivational and leadership aspects. Further to that, Eric has been actively involved and tirelessly champions the rights of the contractors and construction players as an active representative voice in the Master Builders Association Malaysia (MBAM). He is currently the Vice President of MBAM. He is also an active member of the Real Estate and Housing Developers' Association (REHDA). On the global front, he is currently the Immediate Past Secretary General of the ASEAN Constructors Federation (ACF) and is an active member of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA).

He attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE
(CONT'D)

KOH HUA LAN (F)

Executive Director

Aged 71

Koh Hua Lan (f) was appointed to the Board on 26 February 2003. Madam Koh is the co-founder of Crest Builder Group. With over 40 years of experiences in financial and administration as well as human resource management, she is principally responsible for the administrative and human resources aspects as well as the management support services of the Group. Her leadership and passion has been an inspiration and a driver for the well-being and teamwork within all the personnel in the Group to continuously strive for improvement and drive for success. Madam Koh is also an active campaigner for the Environmental, Social and Governance (ESG) aspects of the Group, ensuring long-term sustainability of the Group.

She attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

MOHD KHASAN BIN AHMAD

Independent
Non-Executive Director

Aged 62

Mohd Khasan bin Ahmad was appointed to the Board on 25 February 2003 and is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee. He graduated from Universiti Teknologi MARA with a degree in Accountancy. He is a member of the Malaysian Institute of Accountants. He served in Bank Negara Malaysia for 7 years, of which the last 2 years he was seconded to the then Capital Issues Committee as its Principal Assistant Secretary. Subsequently, he joined the Securities Commission for a period of 6 years and his last capacity was as an Assistant Manager in its Issues and Investment Division. During the tenure of his above appointments, he was involved in various corporate exercises ranging from initial public offerings, mergers and acquisitions, reverse take-overs, issuance of bonds and other capital raising exercises. He then joined the private sector in 1997 and held various senior management positions. He is also the director of Homeritz Corporation Berhad and LYC Healthcare Berhad.

He attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

KAM YONG KAN

Independent
Non-Executive Director

Aged 64

Kam Yong Kan was appointed to the Board on 26 February 2003 and is also the member of the Audit Committee and the Nomination and Remuneration Committee. He is an ex-fellow member of the Association of Chartered Certified Accountants, United Kingdom, an ex-member of the Malaysian Institute of Accountants and an associate member of the Malaysian Institute of Taxation. He has over 30 years experience in audit, finance, corporate finance, tax and treasury functions in property related industries. He was attached to a listed property group from 1991 to 2000 and held the position of a Finance Director during the last 4 years of his tenure in the property group.

He attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE
(CONT'D)

LIM BOON TENG

Independent
Non-Executive Director

Aged 52

Lim Boon Teng * was appointed to the Board on 18 August 2017 and also the Chairman of the Nomination and Remuneration Committee and member of the Audit Committee. He graduated from Universiti Malaya with a Bachelor Degree in Accountancy. He is a member of the Malaysian Institute of Certified Public Accountants and a member of the Malaysian Institute of Accountants. He has more than 25 years of experience in the field of accounting, auditing and corporate finance. He worked in Ernst & Young Malaysia and CIMB Investment Bank Berhad before working in Ernst & Young China for 12 years, of which 3 years he was an audit partner. He joined Deloitte Malaysia in 2012 and worked as audit partner for 4 years. He is currently managing his accounting practices.

He attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

YONG TIOK KENG (F)

Alternate Director to
Koh Hua Lan (f)

Aged 44

Yong Tiok Keng (f) was appointed to the Board on 25 May 2009. She graduated her BSc in Accounting and Finance from London School of Economics, London in 2001. She started her tenure in Crest Builder Group as the Corporate Affairs Manager. With over 20 years of experience in the fields of accounting and corporate finance activities, she is currently the head of the Accounts, Finance and Corporate departments of the Group, overseeing the overall corporate affairs and financial policies, cashflow and risk management, as well as the daily accounting and finance aspects of the Group.

She attended all of the five (5) Board meetings held during the financial year ended 31 December 2022.

Further information

All of the directors are Malaysian.

Except for certain recurrent related party transactions of revenue nature or trading nature which are necessary for the day-to-day operation of the Group, the recurrent related party transaction for which Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah is deemed to be interested is disclosed in page 58.

Yong Shang Ming is the son to Koh Hua Lan. Yong Tiok Keng is the daughter to Koh Hua Lan. Saved as disclosed herein, there are no family relationships between the directors and/or major shareholders of the Company, or any personal interest or conflict of interest in any business arrangement involving the Group.

The securities holdings of the directors are disclosed in page 175. By virtue of their interests in shares of the Company and under Section 8 of the Companies Act 2016, Koh Hua Lan is deemed to be interested in the shares of all the subsidiary companies to the extent the Company has an interest.

None of the directors has been convicted of any offence within the past five years other than traffic offences, if any.

Note:
* *Indicates directors who retire according to the Company's Constitution and are eligible to offer themselves for re-election.*

KEY MANAGEMENT PERSONNELS' PROFILE

TEH HOCK HUA

Chief Executive Officer
(Construction Division)

Aged 50

Teh Hock Hua, a Malaysian, graduated from Universiti Malaya with a Bachelor in Civil Engineering with First Class Honours in 1998 and joined Crest Builder Sdn. Bhd. as a Project Engineer. Mr. Teh quickly rose up the ranks – being promoted to Project Manager, General Manager and subsequently Director of Crest Builder Sdn. Bhd. and the overall Head of the Construction Division. In August 2017, he was re-designated and appointed as the Chief Executive Officer of Crest Builder Sdn. Bhd. Some of his notable achievements includes the completion of the RM450 million Quarza KL East, the award winning and QLASSIC top scoring RM330 million South Brooks at Desa ParkCity and recently secured Crest Builder's largest project to date – the RM478 million Noora at Desa ParkCity. Mr. Teh's immense experience in the sector coupled with his management skills has been able to drive Crest Builder's vision to be the Preferred Organization of choice by its customers and partners.

SZE TO PAUI KHAY

Chief Operating Officer
(Property Division)

Aged 57

Sze To Paui Khay, a Malaysian, graduated from National Cheng Kung University with a Bachelor Degree in Civil Engineering in 1989. With over 30 years of experiences in the field of consultancy, turnkey contractor and property development, he started his tenure in the Group as a Project Director. He was promoted to Chief Operating Officer of the Property Division in 2017 and currently leads the Property Development Division, in charge of the overall initialization, execution, implementation, operations, sales and marketing of all the property projects under the Group.

IR. DR. SIEW WOH HON

Chief Operating Officer
(Construction and M&E Divisions)

Aged 50

Ir. Dr. Siew Woh Hon, a Malaysian, graduated his BSc in Electrical Engineering from Western Michigan University, USA (1995), MSc in Construction Management from Heriot-Watt University, UK (2008) and completed his PhD in Construction Management from Central State University, USA (2014). He is currently the Chief Operating Officer of Construction and M&E Divisions. He has over 20 years of experience in the field of M&E and engineering design. Being a registered Professional Engineer with Practicing Certificate (PEPC) with the Board of Engineers Malaysia, Lawrence, as he is fondly known, has vast experience of managing technically complex projects and possesses a forward-thinking approach to the management of clients and assignments. He has a long track record of delivering complex projects with a global reach and is able to manage the project delivery team through entire life-cycle, from clients' enquiries to invoice. He has led the teams on commercial, industrial, education and health projects where the highest standards are routinely demanded.

YONG TIOK NEE

Head of Construction Solutions &
Property Management

Aged 35

Yong Tiok Nee, a Malaysian, graduated her Bachelor Degree in Planning and Design (Property and Construction) and Bachelor Degree of Property and Construction (Honours) from University of Melbourne. She was appointed as the Head of Construction Solutions and Property Management of the Crest Builder Group in September 2015 – covering all aspects of building maintenance, building management including financial budgeting and cash flow management, as well as dispute resolutions.

MANAGEMENT DISCUSSION **AND ANALYSIS**

Dear valued shareholders,

The Board of Directors and management of Crest Builder Holdings Berhad ("CBHB" or "the Group") are pleased to present the Management Discussion and Analysis, offering you with the overview and assessment of the financial and operational performance of CBHB for the financial year ended 31 December 2022 ("FYE2022") and also our views on the prospects of the Group for the coming year.

BUSINESS OVERVIEW

CBHB, a registered Class A contractor with the Ministry of Entrepreneur Development and Cooperatives (MEDAC), is a Category G7 contractor with the Construction Industry Development Board (CIDB). With 40 years of experience in the construction industry and armed with these certifications, the Group is qualified to tender and conduct both government and private construction contracts under all categories.

We have the necessary expertise to execute top-notch construction works for property developments and infrastructure projects in a timely manner. CBHB is also involved in property development and property investments.

Our construction division primarily focuses on infrastructure and building works of residential developments, healthcare amenities, infrastructure and commercial developments, just to name a few. The infrastructure and engineering services basically cover the entire spectrum of works, ranging from design, construction, completion and maintenance of roads. This division complements our property development division, thus maximising our value proposition as an integrated construction player in the industry.

At this juncture, we would like to emphasise that CBHB was accorded with a Quality Assessment System in Construction ("QLASSIC") score of 86% for its construction works for the South Brooks development, which was completed back in 2021. Together with the 44-storey Capri Hotel in Kuala Lumpur in which CBHB was also accorded a score of 86%, both South Brooks and Capri Hotel are currently holding the highest scores on CBHB's track record. Following the tradition of producing quality works, we are undoubtedly proud to reveal that our recent works on the Plaza @ Kelana Jaya mixed commercial development achieved a high score of 82% in 2022.

As we continue to grow, we do not rest on our laurels. We are capable of continuing to secure projects of significant sizes and value every year. As a testament to this, the RM478.9 million Noora, Desa ParkCity project which we managed to secure at the end of 2022, is our largest project to date.

It may have been bestowed a different name altogether but our property development division in turn was put into place to complement the construction division to maximise the respective division's benefits. The property development division enables CBHB to milk the potential of strategic pieces of land enabling the provision of recurring income stream for the Group.

The property investments are sequentially parked under our investment holding division. The earnings from this segment comprised of contributions from our two property development projects, namely The Crest and Tierra Crest. These would be in the form of rental of commercial units and carparks within these two said projects. Though not a primary division, this division's role is by no means a small feat as it offers CBHB with a sustainable and more importantly, continuous income stream, which is vital to our operations as it enhances the Group's cash flow. The Crest, a 16-storey commercial development hosting 1,400 parking bays, also hosts the address of CBHB's corporate headquarters. Tierra Crest in turn is a 17-storey multi-commercial building with two office towers on top of a retail podium. Strategically located in Kelana Jaya, Tierra Crest has easy access to all major highways and public transportation.

Similar to the role of the property investment division, where its importance to the Group must not be belittled, the concession arrangement division provides a continuous and consistent amount of revenue each year. This 23-year agreement with the Ministry of Education and Universiti Teknologi MARA ("UiTM") involves the management of the 5,000-student capacity UiTM Tapah 2 campus.

We are proud to say that our growth plan has remained steadfast, to grow organically from within the Group. We are also always on the look out to enhance our team's capabilities and efficiencies. As such, this calls for the need to continue improving our internal processes to optimise our growth plans.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OBJECTIVES & STRATEGIES

1. **Prioritising excellent quality and timely delivery of projects**

   CBHB's main objective has always been to provide superior quality products and services for its customers while meeting pre-specified timelines and staying within budget. We are actively exploring different avenues to enhance operational efficiencies by minimising raw material wastage and maintaining a consistent quality control. Such a move is obviously paying off as measured by the receipt of positive feedbacks from our customers and even the layman throughout our corporate history as we continue to enhance our solid track record of being one of the preferred contractors in Malaysia.

2. **Environmental, Safety and Health**

   Another key objective is to continuously improve the well-being of our employees. Our employees remain as the core backbone of the Group. Without them, we will not be as successful as we are today. It is our utmost priority that our employees work in safe and conducive environment. We have subsequently implemented policies which focus on protecting the safety of our employees and promote inclusivity. We also place importance on environmental sustainability by practicing environmental-friendly practices. This includes reducing wastage of raw materials and optimising usage of energy and water at our work sites.

3. **Training and upskilling of the workforce**

   It has been advocated by the Group that workers with additional knowledge will benefit their organisation and provide additional values as they grow alongside the organisation. As such, on top of improving the employees' well-being, we are constantly looking out for suitable training programmes to reskill or upskill our employees with the aim to improve productivity and subsequently reduce employee turnover.

4. **Innovation and technology**

   As a strong advocate for innovation and technology in the construction industry, CBHB believes technology plays a huge role as the more advanced equipment and building systems are able to significantly reduce reliance on manual labour and minimise human errors. We have allocated funds for capital expenditure to improve the fleet of machineries and acquire new technology to improve the quality of our final products and reduce the time taken for project deliveries to our clients. On that note, we have adopted the industrialised building system at several of our projects to manage quality control, speed up construction works and minimise wastage of raw materials.

Allevia Mont'Kiara (Construction)

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

GROUP FINANCIAL REVIEW

Financial Performance

For the financial year under review, CBHB recorded a 35.5% leapt in revenue to RM346.1 million from RM255.4 million in the previous year. During the financial year, there was an increase in construction activities as compared to FYE2021 where businesses and construction activities in general were interrupted by the pandemic related restrictions on movement and mandated closure of business. The government only lifted movement control restrictions in October 2021.

Increased construction activities led to higher progress in construction projects which in turn resulted in higher revenue for CBHB. The Group's bottom line performance was boosted by significantly higher revenue recorded during the financial year. As a result, the loss before tax was trimmed significantly from FYE2021's RM48.8 million to RM12.9 million.

We also managed to secure RM478.9 million worth of new contracts during the financial year under review giving us an order book of RM1.7 billion as at end 2022. This RM1.7 billion will provide earnings visibility over the next four years.

As construction is our core activity, the construction division thus remained as our main revenue contributor in FYE2022. The division accounted for over 84.4% of the Group's total revenue. The concession arrangement division contributed almost 12.6% of the total revenue while the property investment segment and investment holding segment made up the remaining revenue.

Segmental Review

Construction

The construction division recorded a commendable 46.0% surge in revenue to RM292.0 million for FYE2022 in contrast to RM200.0 million recorded in the preceding year. The growth rate may have been boosted by the lower base of FYE2021. Nonetheless it must be noted that FYE2022's revenue of RM292.0 million was in fact higher than the RM289.5 million revenue recorded in the pre-COVID era in FYE2018.

The jump in revenue saw the division's loss before tax being significantly reduced over RM39.3 million to just RM14.4 million as compared to RM53.7 million in FYE2021. The lower loss before tax was also due to improved margins from the construction projects in FYE2022.

Plaza @ Kelana Jaya Mixed Commercial Development (Construction)

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

GROUP FINANCIAL REVIEW (CONT'D)

Segmental Review (Cont'd)

Concession Arrangement

The concession arrangement division recorded a profit before tax of RM10.3 million on the back of a RM43.8 million revenue. This was in contrast to the profit before tax of RM10.6 million and revenue of RM45.7 million recorded in FYE2021.

There was less work performed on UiTM Tapah through utilisation of maintenance sinking fund in FYE2022 which resulted in lower recognition of maintenance income.

Property Development

The property development division recorded a lower revenue of RM2.0 million as compared to the preceding year's RM2.8 million due to lower sales of completed properties. The Group incurred a higher loss before tax of RM4.6 million from FYE2021's RM2.3 million. The increase in loss before tax was mainly due to the recognition of impairment losses on other receivables amounting to RM2.0 million in FYE2022.

Investment Holding

This division saw a 20.3% jump in its revenue to RM8.3 million from RM6.9 million in FYE2021. The loss before tax however was higher at RM4.2 million in contrast to the RM3.4 million recorded 12 months earlier. As rebates were no longer offered to the tenants of the investment properties, that gave rise to the higher revenue. The higher loss before tax was mainly due to the recognition of fair value loss on investment properties amounting to RM1.0 million during the financial year under review.

Consolidated Financial Position for FYE2022

Foremost, the total equity attributable to owners of the Company of RM346.2 million as at FYE2022 was 4.2% lower than the RM361.2 million recorded as at the end of the preceding year.

Total assets dipped slightly by 3.2% to RM1,277.3 million from RM1,319.0 million as at end of FYE2021. The decline was mainly caused by a lower inventory level, specifically the cost of land use right for a property under development where the value fell to RM149.9 million from end 2021's RM217.8 million. The gross development value ("GDV") of Latitud8, Dang Wangi has been revised down from RM946.1 million to RM743.3 million to reflect the current market conditions and thus the cost of land use right has also been revised down accordingly.

99 Residence Development, KL North (Construction)

The RM906.6 million total liabilities were 3.1% lower than the RM936.0 million as at end of the preceding year. The reduction in total liabilities corresponded with the aforementioned reduction in cost of land use right, which resulted in a downward revision of landowner's entitlement from RM211.3 million to RM142.4 million. These changes resulted in a change in net asset to RM370.7 million from end 2021's RM383.0 million. On a per share basis, the net asset attributable to equity holders in FYE2022 was RM2.14 from FYE2021's RM2.23.

These changes to the Group's total assets and liabilities gave rise to a change in the current ratio, improving to 1.19x. In comparison, the current ratio was 1.12x as at the end of 2021.

The Group's cash and cash equivalents and short term investments declined 8.5% to RM74.2 million from RM81.1 million. Funds were used to finance the working capital.

Total loans and borrowings increased by 4.7% to RM557.0 million as compared to end 2021's RM532.1 million. From 1.47x as at 31 December 2021, CBHB's total debt-to-equity ratio was 1.61x as at 31 December 2022. If we were to exclude the RM311.5 million Sukuk Murabahah from our debt-to-equity ratio calculation which has limited recourse to the Group, the ratio would come out to 0.71x.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

GROUP FINANCIAL REVIEW (CONT'D)

List of Current Ongoing Project

No.	Project	Description	Contract Value RM'mil	GDV RM'mil	Status
	Construction				
1.	Techvance Hotel	26-storey hotel with 7-storey car park	99.6	-	98% complete
2.	Plaza @ Kelana Jaya Mixed Commercial Development	2 blocks of serviced apartments, 25-storey SOHO and 14-storey podium	155.1	-	98% complete
3.	99 Residence Development	4 blocks of 55-storey serviced apartments and car park podium	316.0	-	71% complete
4.	Allevia Mont'Kiara	1 block of 45-storey and 1 block of 40-storey condominium, with 2 levels of underground car park, 8 levels of podium with 7 levels of car park and 1 level of recreation facility	192.1	-	30% complete
5.	Maya Ara Residences	1 block of 27-storey serviced apartment with 7 levels of car park podium and 1 level of amenity	107.5	-	27% complete
6.	Media City Angkasapuri	Mechanical and electrical engineering services	18.5	-	95% complete
7.	121 Residences	Mechanical and electrical engineering services	6.5	-	27% complete
8.	Noora Desa Parkcity	2 blocks of 52-storey condominium with car park podium and retail units	478.9	-	0% complete
9.	Putra Heights	3 blocks of 28 to 33-storey serviced apartment with car park podium	250.5	-	New project secured in 2023
	Property Development				
10.	Latitud8, Dang Wangi	Retail, SOFO suites and office suites	346.5*#	743.3	Commenced main building works
11.	Kelana Jaya LRT	Retail, office suites and residential	-	821.3	Pending Development Order
12.	Interpoint @ Bandar Bukit Tinggi	Retail, office suites and residential	299.9*#	571.8	Development Order and Building Plan obtained.
	Total		**2,271.1**	**2,136.4**	

* Estimated contract value
\# This is an internally awarded construction contract and its construction revenue will be eliminated at group level

Our outstanding order book stands at approximately RM1.7 billion which will sustain the Group's earnings over the next four years.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

CORPORATE DEVELOPMENTS

On 30 December 2022, Crest Builder Sdn. Bhd. ("CBSB"), a wholly-owned subsidiary company of CBHB was awarded a contract from a long-standing customer, Perdana Parkcity Sdn. Bhd. for the execution and completion of 2 blocks of condominium with car park podium and retail units on Lot PT50276, Jalan Residen Utama, Desa Parkcity, Mukim Batu, Wilayah Persekutuan Kuala Lumpur for a contract sum of RM478.9 million.

On 4 January 2023, CBSB secured a RM250.5 million contract from an established customer, Sime Darby Property (Bukit Raja) Sdn. Bhd. for the construction and completion of 3 blocks of condominium with car park podium based on a 'Design and Build' contract on Lot 92361, Putra Heights, Mukim Damansara, Daerah Petaling Jaya, Selangor Darul Ehsan.

Maya Ara Residences (Construction)

ANTICIPATED OR KNOWN RISKS

Not only confined to the economic sectors which we are primarily involved in, namely the construction and property development, global economies are continuously faced with various types of risks which have been described in many other words such as challenges and/or headwinds. Businesses can, at any point in time, be slapped with various risks, be it simultaneously or one after another. The COVID-19 pandemic exemplifies this where no amount of precautions could have avoided decline in earnings following the wrath and aftermath of the pandemic.

Even as the pandemic fades into the sunset, the construction sector continues to remain competitive if not more intense. Blinded by not knowing the next headwind to come, one cannot implement any specific counter measures. On our part, we can only remain cautious and study the various risks that we may likely encounter in the near to medium term and spread out our risk exposure, continuously assessing market conditions and adjusting our strategies accordingly.

Top of the list of the risks faced by construction players would be the availability of supplies where the cause of such is plentiful where even unsubstantiated rumours of conflicts would spark a major disruption to the supply chain. Moreover, construction players are dependent on so many types of supplies. To be functional as a construction player, CBHB itself requires various types of raw materials, particularly concrete and steel. The Group may be faced with supply disruptions which in turn will snowball to cause volatile prices. To minimise the impact of supply related disruptions, as in previous years, continuous monitoring of the price movement and inventory has become a daily routine. To further minimise instability to the supply chain, a sufficiently large pool of suppliers is required to be at hand. Nonetheless, if the magnitude of these disruptions are on a global magnitude, we cannot stop the ill impacts but merely buffer the damage to our bottom line.

On the topline, pressure will undoubtedly continue to be exerted as industry competitiveness intensifies. A worst case scenario would be the squeezing of margins as pressure is exerted on the topline and also the cost components. Construction players are also mindful of the risk of interest rate hikes, as the industry relies heavily on borrowings.

On a more positive note, the laying down of such bleak scenarios of risks may not materialise. Realistically, CBHB is of the opinion that the supply issue will ease as we move further into 2023 in particularly the foreign workers which would be a huge relief for a labour intensive industry. Investors anticipate that after four rounds of interest rate increases, future hikes will be moderated to support the growth of economies at a favourable pace.

INDUSTRY AWARDS

In 2022, CBTech (M) Sdn. Bhd. ("CBTech"), a wholly-owned subsidiary company of CBHB, won the BrandLaureate Property Branding Award in the Construction & Property Development category. This is an endorsement of CBTech as one of the best brands in the property sector.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

FUTURE PROSPECTS

As previously stated, the construction industry is consistently confronted with risks and continues to be a challenging field. The Group is currently facing a number of challenges, including the lack of skilled labour and the shortage of materials. Meanwhile CBHB will continue to strengthen its financial position and implement cost optimisation measures.

As we move forward, following the significantly improved revenue in FYE2022, we are cautiously optimistic of the overall prospect of the Group's business and financial performance for 2023. 2023 is expected to be an even more favourable year than the preceding two years. We are optimistic that the local construction industry will benefit greatly from the reopening of borders, as it will significantly reduce the demand-supply gap for foreign workers. With the full-year impact of this border reopening expected to benefit 2023, and the increasing number of foreign workers approved to enter the country, we anticipate that this demand-supply imbalance will narrow even further and could potentially reach equilibrium.

Realistically, as in most project based businesses, whilst revenue is expected to grow during the year with profits surpassing revenue on the expectations of improved margins, the growth trajectory may adopt more of an exponential shape than a straight line to reflect the slow but steady progress of our newly secured projects that start to contribute to our bottom line from this year.

Despite this, we are pleased to report that our ongoing projects are progressing according to plan. However, we remain proactive and will continue to bid for new construction projects in order to maintain a healthy order book.

We expect the ever reliable concession arrangement division to continue contributing positively to the Group. As for the property development division, we will launch the Bukit Tinggi, Klang project (also known as Interpoint) in the second quarter of 2023. This will undoubtedly boost the Group's earnings for the current and next financial years.

We are cognisant of the negative impact of the four rounds of interest rate hikes in 2022, which resulted in an increase in interest expense and impacted on our bottom line. Despite this, we are taking proactive measures to mitigate the effects by considering factors such as fixed loan-to-total loan ratios. We remain committed to our growth strategies, and we are confident that their successful execution will enable us to overcome these challenges and optimise our earnings in 2023.

DIVIDEND

As CBHB emerges away from the pandemic cloud, hyped up construction activities allowed the Group to recognise higher revenue from progress in construction projects during the financial year under review. Despite the turnaround, the Board of Directors resolved not to declare dividends in respect of FYE2022. With the economic growth trajectory expected to continue, the Group is mindful of the required funds for future projects. The Board maintains its stance to continue strengthening the war chest to be in a position to enhance growth to create value for all the stakeholders.

THANK YOU

We would like to extend our heartfelt appreciation to the management, employees, and Board members for their unwavering trust and support throughout the year. It is their confidence in us that has allowed us to achieve impressive revenue growth despite the many challenges we faced, including supply chain disruptions and pandemic-related factors. This level of trust has been instrumental in our success, and we remain committed to upholding it in the years to come.

As a Group, we would like to thank all our stakeholders, shareholders, business partners, associates, clients, government agencies for their continued support and partnership. Thank you.

CORPORATE **STRUCTURE**

CREST BUILDER HOLDINGS BERHAD

200201005719 (573382-P)

Investment Holding

- 100% **CREST BUILDER SDN. BHD.**
  198301014937 (110330-K)
  Construction
  - 100% **CRESTLAND DEVELOPMENT SDN. BHD.**
    199401031170 (316852-A)
    Property Investment
  - 51% **LANDASAN BAYU SDN. BHD.**
    201201005233 (978758-T)
    Property Development
- 100% **CREST BUILDER INTERNATIONAL SDN. BHD.**
  200401005938 (644441-T)
  Investment Holding
  - 51% **UNITAPAH SDN. BHD.**
    200901003738 (846665-X)
    Concession Holder
  - 100% **INTAN SEKITAR SDN. BHD.**
    201201011546 (985063-T)
    Property Development
  - 51% **K L WATERFRONT DEVELOPMENT SDN. BHD.**
    201601006757 (1177684-V)
    Property Development
- 100% **CBTECH (M) SDN. BHD.**
  200001005781 (508386-M)
  Mechanical & Electrical Engineering Services
- 100% **CB INFRASTRUCTURE SDN. BHD.**
  200401020974 (659478-V)
  Construction
- 100% **3 TWO SQUARE SDN. BHD.**
  200301014853 (617273-X)
  Property Investment
- 100% **VERTICAL SUCCESS SDN. BHD.**
  200501014576 (691623-V)
  Property Investment
- 100% **CB LAND SDN. BHD.**
  200401020215 (658719-D)
  Property Investment and Property Development
- 100% **NEPFIELD SDN. BHD.**
  200201024593 (592256-M)
  Property Development
- 100% **DAMANSARA ONE SDN. BHD.**
  200401030676 (669184-V)
  Property Development
- 100% **JALUR ELIT SDN. BHD.**
  201401010595 (1086674-D)
  Property Development

SUSTAINABILITY **REPORT**

COMMITMENT TO SUSTAINABILITY

Sustainability has always been a pillar of Crest Builder Holdings Berhad ("CBHB" or "the Company") and its subsidiary companies' ("CBHB Group" or "the Group") culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are one of the important criteria in investors' investment decisions.

CBHB continues to build Malaysia's future landscape with efforts to continue embedding sustainability in its business activities. Our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our corporate culture.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition), the Group's sustainability practices are to ensure that economic, environmental and social ("EES") risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

The Group continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.

SUSTAINABILITY REPORT
(CONT'D)

ECONOMIC

Sustaining our economy

Delivering sustainable returns to our shareholders

Delivering quality products to achieve customers' satisfaction

ENVIRONMENT

Conserving our environment

Protecting our environment and improving our environmental performance

SOCIAL

Building a resilient workforce

Ensuring a positive workplace for our employees

Serving our community

Contributing to the well-being of the community around us

OUR SCOPE OF REPORTING

- Construction
- Property Development
- Mechanical & Electrical Engineering ("M&E") Services
- Property Management
- Car Park Management

Information disclosed in this Report encompasses our core activities related to construction, property development, M&E services, property management as well as car park management. As part of its commitment to enhance sustainability throughout the Group, CBHB continues with the scope of reporting to cover all its active subsidiary companies.

During the financial year ended 31 December 2022 ("FYE2022"), the Group has stayed true to its roots and maintained its core business activities. As a Malaysian-play construction counter, disclosure in this report will be focused on its sites within the Greater Klang Valley and will not include concessions on the Group's maiden project in Tapah, Perak. In line with the financial disclosures within this Annual Report, this Sustainability Report will cover the Group's activities within the calendar year of 1 January 2022 to 31 December 2022.

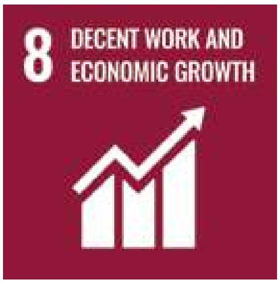
SUSTAINABILITY REPORT
(CONT'D)

THE UNITED NATION SUSTAINABLE DEVELOPMENT GOALS ("UN SDG(s)")

In September 2015, all one hundred and ninety-three (193) United Nation member states adopted "Agenda 2030" - a plan to solve the world's most pressing economic, environmental and social problems over the next fifteen (15) years. It consists seventeen (17) goals and one hundred and sixty-nine (169) targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change. Malaysia is committed to "Agenda 2030" through its UN SDG Roadmap.

We support the UN SDGs, recognise their strategic importance to our business and to the world, hence we are committed to achieve them. The Group has well-established programs to ensure we operate sustainably and responsibly, following our long-standing commitment to ethical corporate citizenship and promoting sustainability in all our activities. All the UN SDGs are relevant to our operations to varying degrees and we are already contributing to many of these goals. We focus on supporting four (4) goals where we can make the greatest contribution:

THE UNITED NATION SUSTAINABLE DEVELOPMENT GOALS ("UN SDG(s)") (CONT'D)



UN SDG 5 – GENDER EQUALITY

To achieve gender equality and empower all women and girls, as the descriptor of this UN SDG is a fundamental goal that speaks the core of CBHB's policy when it comes to human rights, labour practices and diversity and inclusion at all levels, stemming from the Board of Directors ("the Board") down to the workforce. Although this standalone UN SDG engenders the role, rights and representation of women at work, it does not stand alone in the broader picture of ensuring a business's sustainability.

UN SDG 8 - DECENT WORK AND ECONOMIC GROWTH

To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is among one of the chief reasons of being for any company in the world. This includes CBHB, which recognises the role that the major stakeholders play in its success in operations. The 'Economic' and 'Social' pillars in the EES model primarily speaks the contributions of the Group's suppliers and vendors and its employees of which more discussion can be found within the 'Material Sustainability Matters' section of this Report.

UN SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

To ensure sustainable consumption and production patterns, the Group is well aware of its supply chain management, commitment to reduce consumption and to responsibly use resources available to it. When taken in totality, this UN SDG seeks to embed a sense of responsibility towards resources management, unlocking value for both customers and the shareholders.

UN SDG 16 - PEACE, JUSTICE AND STRONG INSTITUTIONS

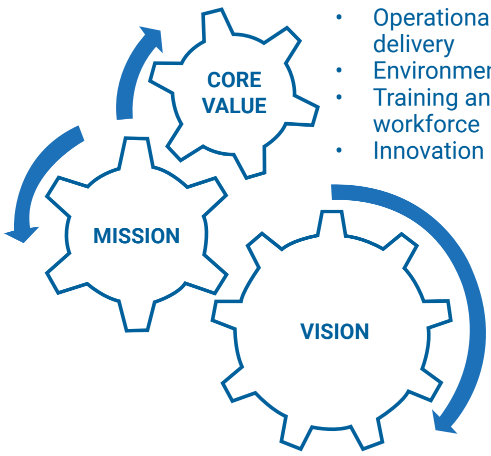
To promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels impacts the Group's main business activity of functioning within the context of government, associations and its own long-term profitability. In line with the Group's practices, this UN SDG is seen most in its Group human resources policies and throughout its value chain.

SUSTAINABILITY REPORT
(CONT'D)

SUSTAINABILITY GOVERNANCE

Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we uphold in day-to-day operations and conduct ourselves to support our vision and shape our culture.

- To promote Co-operation - creating a strong network between ourselves and both upwards and downwards of the supply chain
- To achieve High Standards - providing the promised quality and achieving the zero-defect product
- To develop the Human Capital - our People are our most valuable assets
- To enhance Corporate Social Responsibility - believing in giving back to the Community
- To enforce Corporate Governance - upholding the Company's values and protecting the stakeholders' interests
- To create the Brand - showcasing Crest Builder to the world
- To accomplish Market Leadership - to be the leader in the construction and property industry

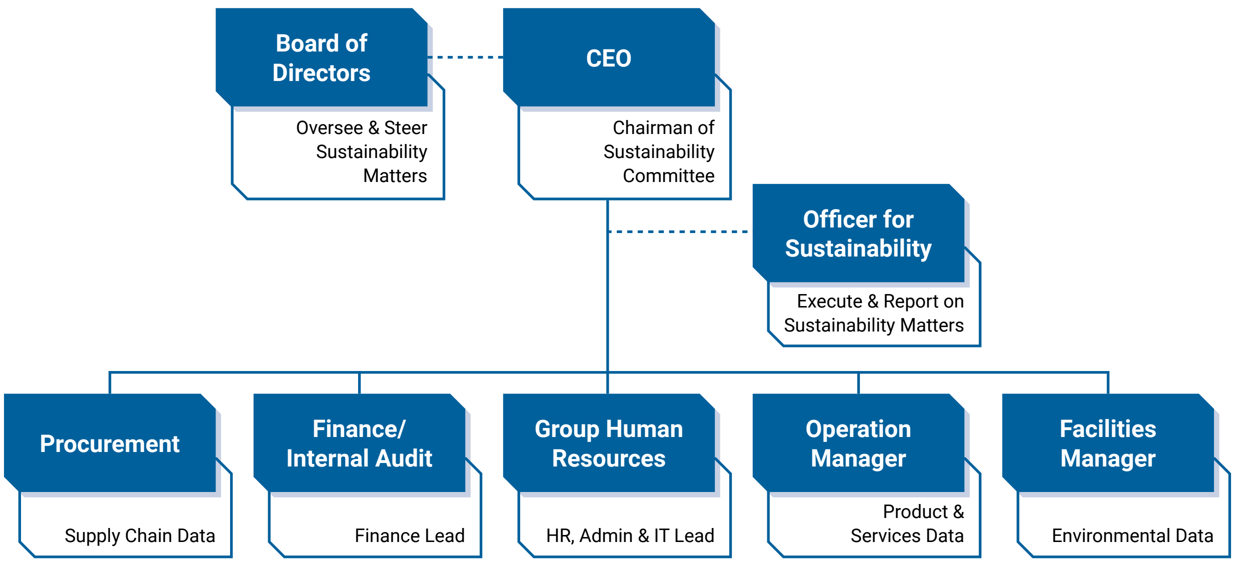


- Operational excellence and timely delivery
- Environmental, Safety and Health
- Training and upskilling of the workforce
- Innovation and technology

To be the preferred organisation of choice by our partners and customers

Sustainability is embedded in our organisational approach and is led from the top. The Board plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Heads of Departments to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met. The Group has formed a Sustainability Committee ("the Committee") that is chaired by Chief Executive Officer ("CEO") of Construction Division, who has been given the mandate to carry out the Board's sustainability agenda. The Committee in turn reports to the Board on the sustainability activities and developments during the Board meetings, as and when needed.

During the FYE2022, there has been no change to the initial composition of the Sustainability Committee and at the end of the year, the Committee comprises of:



SUSTAINABILITY GOVERNANCE (CONT'D)

The responsibility of the Committee to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

The Committee also cascades sustainability matters to their respective teams in the form of policies, internal memos and updates to the Group's Standard Operating Procedures ("SOPs") to continue embedding sustainability in every aspect of the Group's daily operation.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit Committee. The Group's performance is also tracked with the assistance of the Nomination and Remuneration Committee.

Ethical Business Practices and Anti-Corruption & Anti-Bribery Policy

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Group's Code of Business Conduct and Ethics.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

The Group has established and adopted Anti-Bribery and Anti-Corruption Policy as we are committed to a zero-tolerance approach in our efforts to prevent corrupt and bribery practices. We are committed to conduct our business ethically, as well as in conformity with all applicable laws. This Anti-Bribery and Anti-Corruption Policy is applicable to the Board, our employees as well as any Third Parties associated with us. Specific mention in the Employee Handbook on the Group's No Gift Policy is strictly adhered to and in place to discourage graft and bribery.

The Group inducts all new employees on the Company's Code of Business Conduct and Ethics, during the dedicated in-house orientation programme. The employees will also be briefed on the Company's polices on confidentiality and conflict of interest, integrity and prevention of staff fraud. Any updates to the Employee Handbook are done through the internal network.

While none of the Group's operations have been assessed for corruption risks, the Group's strong Internal Audit practices, along with the Board's Audit Committee have been vigilant against corruption at all times in the Group's years of operation.

STAKEHOLDER ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

SUSTAINABILITY REPORT
(CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

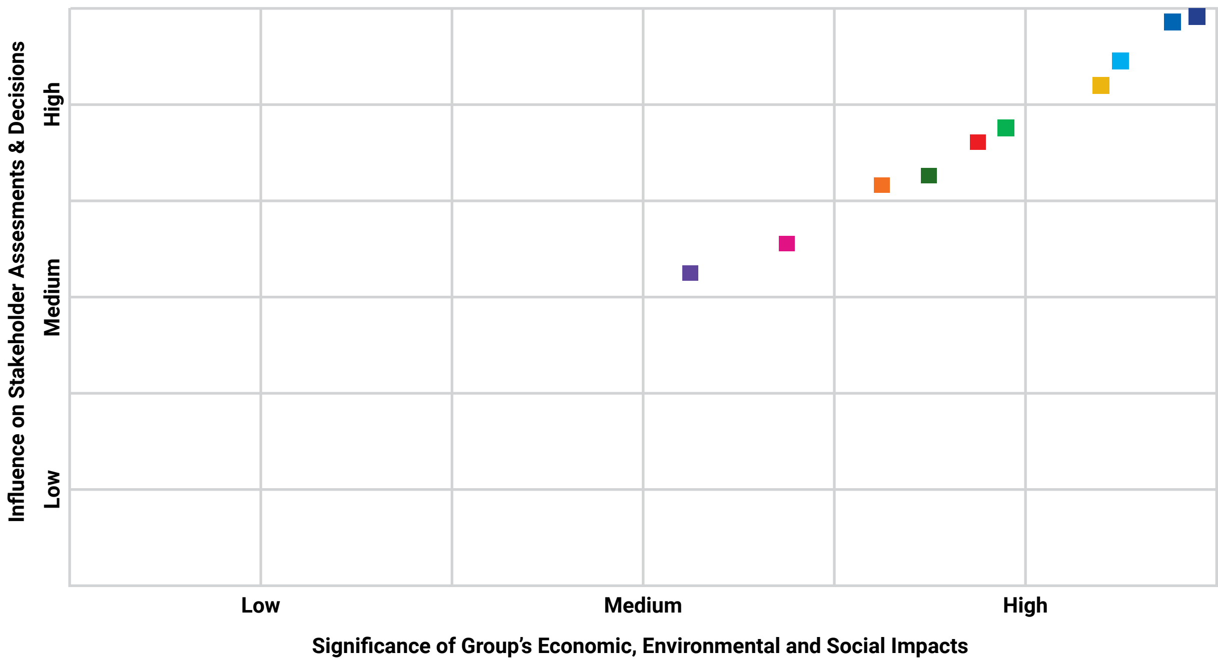
STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	• Annual & Extraordinary General Meetings • Press releases / Corporate presentations • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Occupational Safety and Health Act
Board of Directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Technical and skills trainings • Performance review • Departmental meetings • In-house newsletters / communications • Dinners, sports and outdoor recreation activities	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices • Minimum housing standards
Financial Institutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Funding requirement
Customers	• Customer Relationship Management ("CRM") • Facilities management review	• Customer satisfactions • After-sales services • Quality assurance
Suppliers & Vendors	• New Supplier / Vendor Form • Regular meetings • Supplier / Vendor audit review • Contract negotiation	• Services and products' quality • Legal compliances
Communities	• Charity and welfare programs	• Social contribution • Job opportunities • Donation and financial aid
Analyst / Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

MATERIAL SUSTAINABILITY MATTERS

We conducted a materiality assessment, collecting views from our stakeholders on key material sustainability matters that may have a significant EES impact on our business or substantively influence the assessment and decisions of our stakeholders.

PRIORITISATION & MATERIALITY MATRIX

We assess our material sustainability matters annually to fully understand how to manage the risks and opportunities they present. This ensures that we prioritise the issues that have the greatest impact on the economy, environment and the society.



SUSTAINABILITY REPORT
(CONT'D)

PRIORITISATION & MATERIALITY MATRIX (CONT'D)

The table below shows key relationships between the Group's Top Ten (10) material sustainability matters, and the related UN SDGs.

Ranking	Material Sustainability Matters	ESS Pillars	Related UN SDGs
1	Customers & Products		9, 12, 16
2	Shareholders		8
3	Suppliers & Vendors		8, 9, 12, 16
4	Safe Workplace		8, 3
5	Waste & Effluent		12, 13, 15
6	Training & Talent Management		8
7	Energy & Water Savings		7, 12, 13, 15, 6
8	Labour Practices		8
9	Diversity		8, 5, 10
10	Community Engagement		8, 11

ECONOMIC

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group, the Group's corporate website at www.crestbuilder.com.my also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Although engagement is largely governed by the Malaysian Code of Corporate Governance and the Listing Requirements by Bursa Securities, the Group enjoys indirect economic impacts of a goodwill, trust and loyalty and a mutually beneficial investment relationship.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. As one of Malaysia's most trusted construction and M&E engineering contractors, CBHB maintains strong trust and working relationships with its customers in a highly competitive market space. The Group's charter to value the customers' well-being, safety and satisfaction are at the core of our commitment to products & services responsibility throughout the products' and services' lifecycle.

CUSTOMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management that equipped with industry knowledge and comprehensive training
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

In order to ensure that our products are of consistent standard and quality, our construction services for building and infrastructure are accredited by ISO 9001:2015 - Quality Management Systems. Additionally, our Group is in compliance with all relevant laws and regulations governing safety and quality.

With 40 years of industry expertise, we are well-established and are capable of serving a wide spectrum across the construction industry which includes construction works, property development, property management, M&E services, project management and car park management. We possess teams of well-equipped employees with industry knowledge who are able to manage and deliver customers' expectation. To keep abreast with more technological advances and innovations that have besieged the sectors that we are involved in, CBHB advocates technology embracement in our processes. On top of upskilling ourselves, as a move to reduce human error and over reliance on manual labour, we constantly innovate and adopt Industrialised Building System ("IBS") to increase operational efficiencies and improve the quality of our final products for our clients

We have adopted an impartial feedback mechanism to address customer complaints and manage our relationship with them. The Company derives feedback from a specialised CRM matrix, which covers the Property Management business as well. In its main engagement with customers during the annual review, the outcomes of the review are recorded in the CRM Form. This feedback identifies outliners and areas of improvement for the Company to continue providing excellent services. Similarly, the Property Management arm undergoes a monthly Facilities Management Review or when the clients, who lease the property, call the Management for a meeting. Customer complaints will be fielded, answered and managed diligently. At the closure of a case, a report is logged under the CRM system and reviewed annually to give the Company a bigger picture of the building's overall health and maintenance. As part of the Group's consideration, customer satisfaction is an important ingredient in the success and continuation of business for the Group.

SUSTAINABILITY REPORT
(CONT'D)

ECONOMIC (CONT'D)

Customers & Products (Cont'd)

Doing business by ensuring a client's peace of mind through data security and privacy is utmost important for the business consideration. The Group views cyberattack risks as something to be reduced, if not eliminated. We outsource our Information Technology ("IT") function to a professional IT consulting firm so that we can leverage on the third-party expertise and core competencies in handling cybersecurity issues.

In the year under review, similar to last year, there have been no incidence or breach from malware, ransomware, hacking or other cyberattacks on its database. The IT consultant has conducted routine IT review and has given the Group's assets a clean bill of health, including exposure from unauthorised software usage.

Suppliers & Vendors

To our suppliers and vendors, we are committed to enhance our processes and engage with our suppliers and vendors to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers.

At the start of a new project, identification of suitable suppliers and vendors relating to the quality of service and product output are among the key determinants during the tender or bid call. Selection of new suppliers and vendors are identified by the Procurement Department. Procurement Department issues a New Supplier / Vendor Form after fit assessment is carried out and aligned with the Group's business goals and targets. In step-up reporting, environmental surveillance has been included and retrofitted into the assessment cycles of existing suppliers and vendors.

Existing suppliers and vendors undergo an annual audit where operational issues are addressed. As all suppliers adhere to the Supplier Code of Conduct and the Non-Conformance policy defined under ISO 9001:2015, any breach will result in termination and loss of business opportunity going forward. At the end of the engagement, if the stakeholder is found to have satisfactory performance and improves performance through feedback received, will have their contracts renewed in order to secure services and products delivery.

The nature of business for the construction and property development industry is highly localised and the Group focuses its procurement activities on local vendors to support local job creation and price-competitiveness. As CBHB is a Malaysian-play construction counter, usage of local raw materials and local expertise, where possible, is an important indicator of the Group's robustness of operations.

In the period under review, 100% of the Group's procurement budget is spent on local suppliers, ensuring the Group's control on the quality, cost-effectiveness and timeliness of delivery from suppliers. For parts of the business that engage third party local suppliers for delivery of outsourced goods and services, a strong track record of delivery and practices that are against violation of human rights and any form of environmental violations are prioritised. There is no exposure to foreign sources of suppliers for the Company.

ENVIRONMENT

Energy & Water Savings

As a Group with its foundations in the environment protection, the Group is aware of the interaction and tender balance between the built and natural environments. In this report, the Group detailed its disclosure of energy and water usage within the Group's headquarters in Dataran 3 Two Square as well as the Group's energy and water management plans in its sites. During the year, there is an increase in energy usage of 2% in the headquarters from a total of 121,752 kWh (RM59,288) of electricity in FYE2021 to 123,750 kWh (RM64,411) in FYE2022. On the other hand, water usage also reported an increase of 19% from 330 m^3 in FYE2021 to 392 m^3 in FYE2022. The Group has resumed normal operations in 2022, which justifies the higher consumption compared to the temporary closure of operations following the full lockdown in the third quarter of 2021.

ENVIRONMENT (CONT'D)

Energy & Water Savings (Cont'd)

The Group continues its energy management plans in both headquarters and sites and has SOPs in place to encourage energy conservation and efficiency. As part of its ongoing efforts, the Group switches older diesel-fed machines to electricity-driven ones. This move reduces the Group's overall carbon footprint and cost as well as efficiency of operations. Site-wide energy management plans provide for temporary energy supply purchased from the national grid, to allay concerns of blackouts or temporary power disruptions.

While different project sites allocate water usage differently, water consumption, including the drilling and drawing of well water or ground water in sites with a stable water table, supplements its reliance on raw water usage. A strict policy against water waste and loss is one of the water conservation efforts of the Group.

Waste & Effluent

The Group has reduced its carbon footprint further as it endeavours to replace its diesel-powered machines with electricity-powered machines in most of the Group's construction sites. In the year under review, the diesel consumption of the Group's 7 work sites is 558,825 litres, an increase of 44% from the 388,796 litres at the 8 work sites in 2021. The Group also recorded a 134% increase in consumption costs with diesel costing the Group RM1.99 million (2021: RM0.85 million) in operating expenses in 2022. Consumption volume has increased after the Group returned to full operations in 2022 when the COVID-19 pandemic no longer poses a major threat to operations. Diesel costs increased even more as the Russia-Ukraine war had a significant inflationary impact on global fuel prices.

Among innovations used by the Company is using Construction Industry Development Board (CIDB)'s IBS. This pre-fabricated method reduces wastage by accurate quantity surveying and a construction or development is assessed with the IBS Content Scoring System (IBS Score) based on Construction Industry Standard 18 (2018), (CIS 18:2018).

The Group's Zero Waste policy is one of the initiatives lodged to reduce the about of materials headed for scrapyards and effective garbage disposal policies worked out with its third-party vendors specialising in disposal of construction waste. In 2022, a total of 13,700 m^3 was disposed from 5 sites and properties owned or managed by the Group.

Climate-related Risks and Opportunities

CBHB understands sustainability issues related to climate change and its impact on business. Major floods have become a growing concern in Malaysia as they occur regularly almost every year during the monsoon season. The floods have caused significant damage to infrastructure, homes and crops, as well as injuries and loss of life. Notable floods that have hit several states in Malaysia in the past five years include the 2020 - 2021 Malaysian floods (in late 2020 and early 2021), the 2021 - 2022 Malaysian floods (in late 2021 and early 2022) and the most recent one affecting southern region of Malaysia in March 2023.

CBHB has learned from this natural disaster caused by the climate change. Within our control, there are several measures and plans that we can put in place to minimize the impact of floods for our ongoing and future property development projects, such as enhancing building and layout design, improving infrastructure and drainage systems, planting more trees, careful choosing the future development lands to ensure they are not affected by flooding, etc.

SUSTAINABILITY REPORT
(CONT'D)

SOCIAL

Safe Workplace

The Group believes that the safety and well-being of its employees are the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- ensure compliance with laws and regulations in relation to occupational safety and health;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

As such, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations.

Our Safety Officers are registered with Department of Occupational Safety and Health ("DOSH"). In this respect, the Group places importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act 1994 ("OSHA"). In Malaysia, OSHA is the main framework of the Company's Occupational Safety & Health provisions. The Group continues sending its Safety & Health personnel for OSHA-related training, amounting to 760 manhours (2021: 208 manhours) across the Group. Safety Induction Training were conducted for all of our newly joined employees in fieldwork. Employees working in high-risk areas are also required to re-train every 3 years. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the OSHA's guidelines. Workers are equipped with safety protective wear and equipment when involving in potentially dangerous works. Furthermore, safety briefings are compulsorily conducted to all visitors or contractors on the awareness of safety before entering to the site.

Following previous disclosure, the Group's target for Occupational Safety & Health was to reach a zero-accident rate for FYE2022. This KPI has been reached as there were no accidents or claims for work-related injury in the year under review.

As a construction company, the Group is compliant to all local land codes, both Federal and State as well as local councils concerning site safety, health and management. One of the key aspects the Group is committed to provide is a safe and healthy working environment free from disease-carrying vectors or insects. In 2022, no sites were shut down or fines levied due to the presence of the dengue-causing Aedes mosquito. As Coronavirus Disease 2019 ("COVID-19") has affected all areas of business throughout the world since 2020, it has become a social responsibility for CBHB to act accordingly. In FYE2022, 140 employees tested positive for COVID-19, compared to 9 cases reported in FYE2021. While there has been an increase in reported cases, the situation has been brought under control without affecting day-to-day operations with appropriate precautions taken. Having said that, our Human Resources department has been actively adjusting the SOPs from time to time so that employees and site workers can work in a safe environment to reduce the spread of COVID-19. In overall, these efforts reflect the success of the Group's new policies launched in 2019 to improve site hygiene and its adoption of the main environmental UN SDGs.

Training & Talent Management

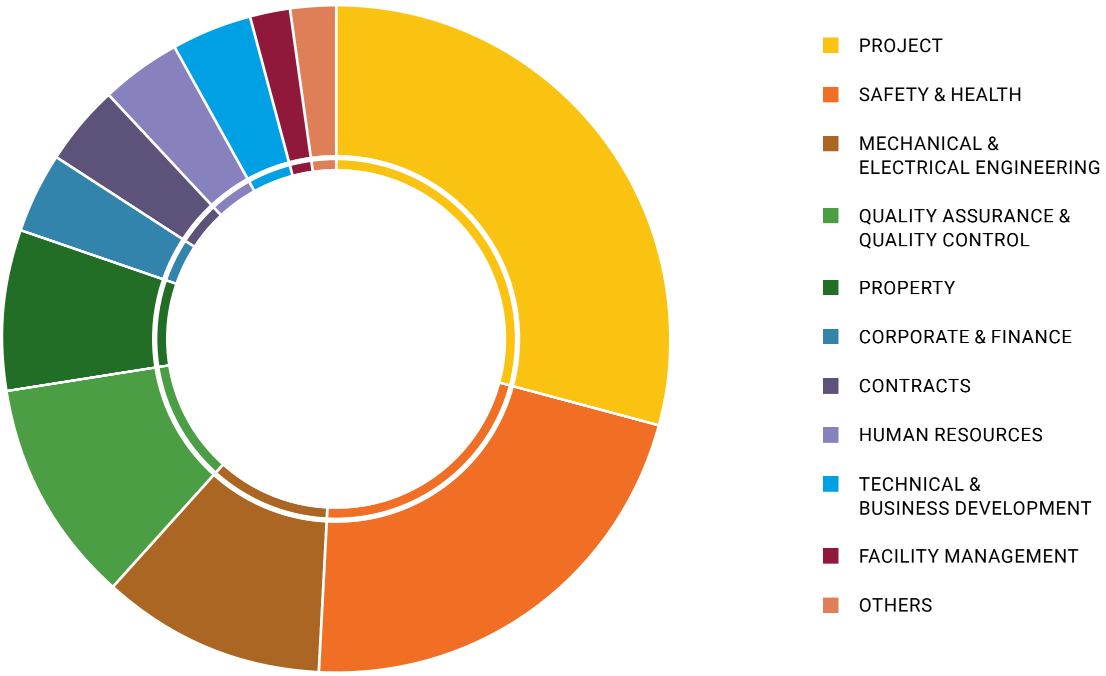
A good team is a business's surety that the Group grows from strength to strength and on this basis, employees are a valuable business capital or asset and part of the CBHB family. Within the scope of this report are the Group's direct employees under the Group's payroll and will not include those under the minority stake of subsidiary companies in which the Group holds development rights (despite 51% or more ownership).

SOCIAL (CONT'D)

Training & Talent Management (Cont'd)

As an employer, CBHB is a renowned construction firm in Malaysia and instils respect and trust amongst its employees. This enables the Group to retain and attract top talent to its team. The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, human resource management, technical skills, and others. In FYE2022, our employees underwent 257 man-days (2021: 62 man-days) of training or 2,056 manhours (2021: 496 manhours).

TRAINING AND DEVELOPMENT

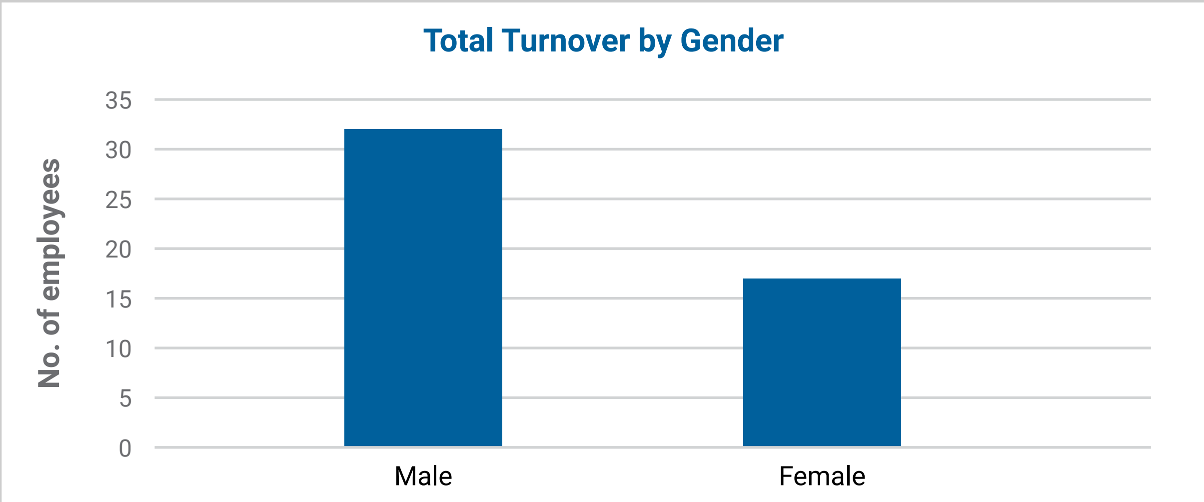


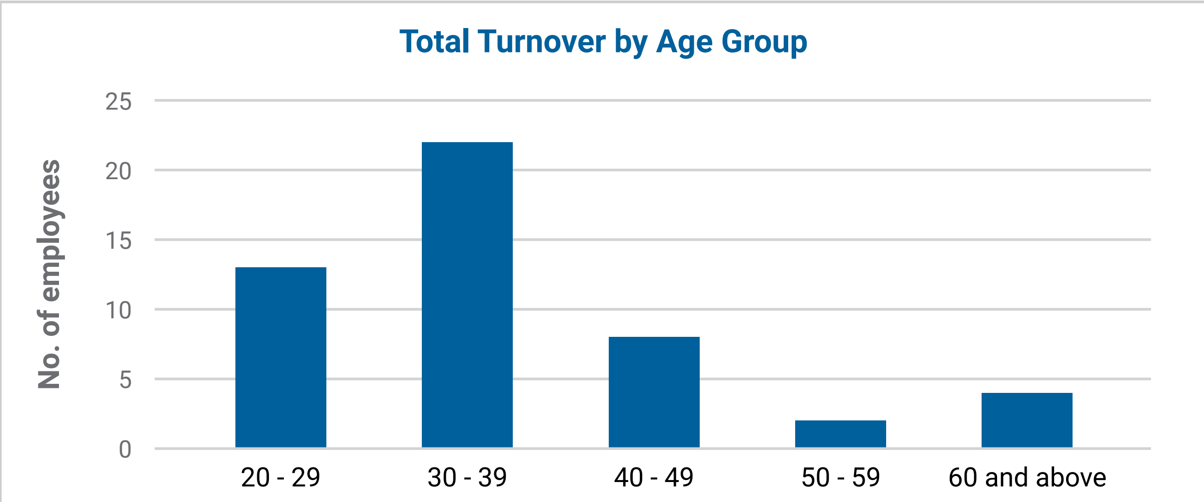
Besides training, an engaged workforce is updated with company-wide news in the Group's in-house communications, such as internal staff memos. Despite the industry faced strong headwinds in FYE2022, the stable outlook of the Group's activities and order book led to a moderate attrition rate and a successful retention of talent. There has been no movement at the Board level and the movement of the workforce is best reflected in the following charts.

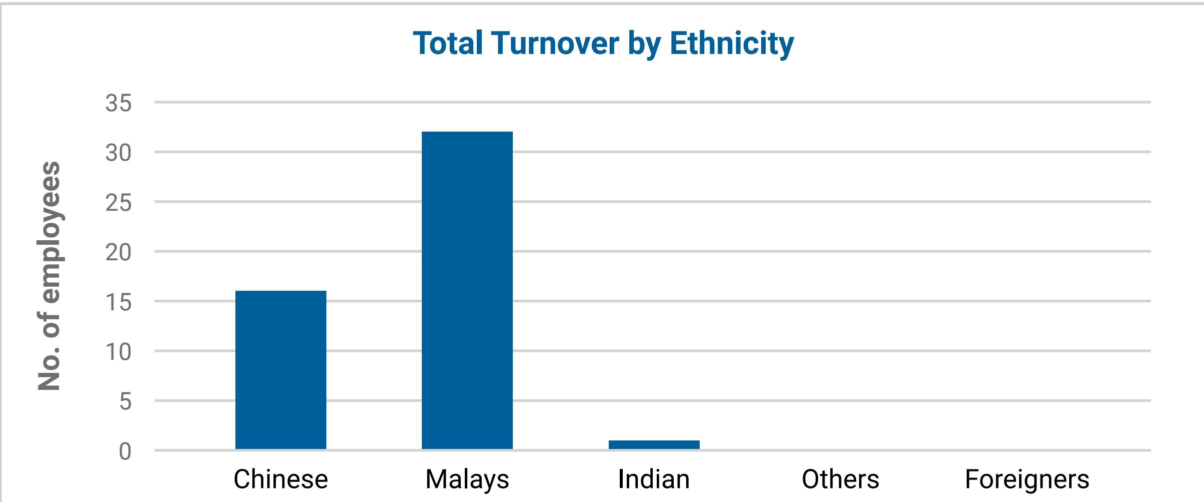
SUSTAINABILITY REPORT
(CONT'D)

SOCIAL (CONT'D)

Training & Talent Management (Cont'd)







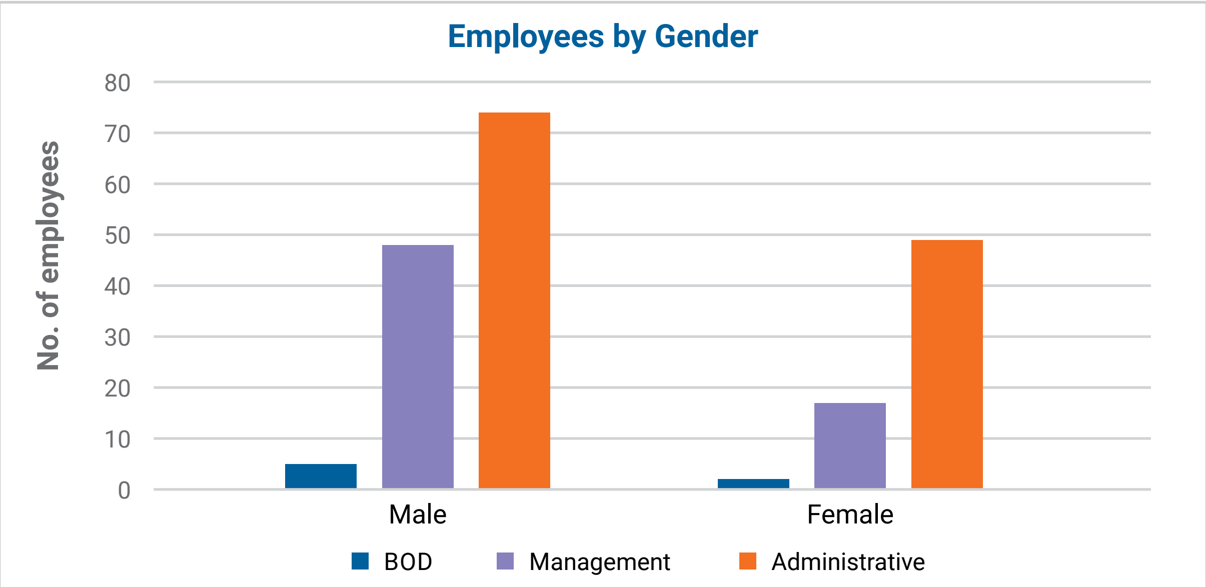
SOCIAL (CONT'D)

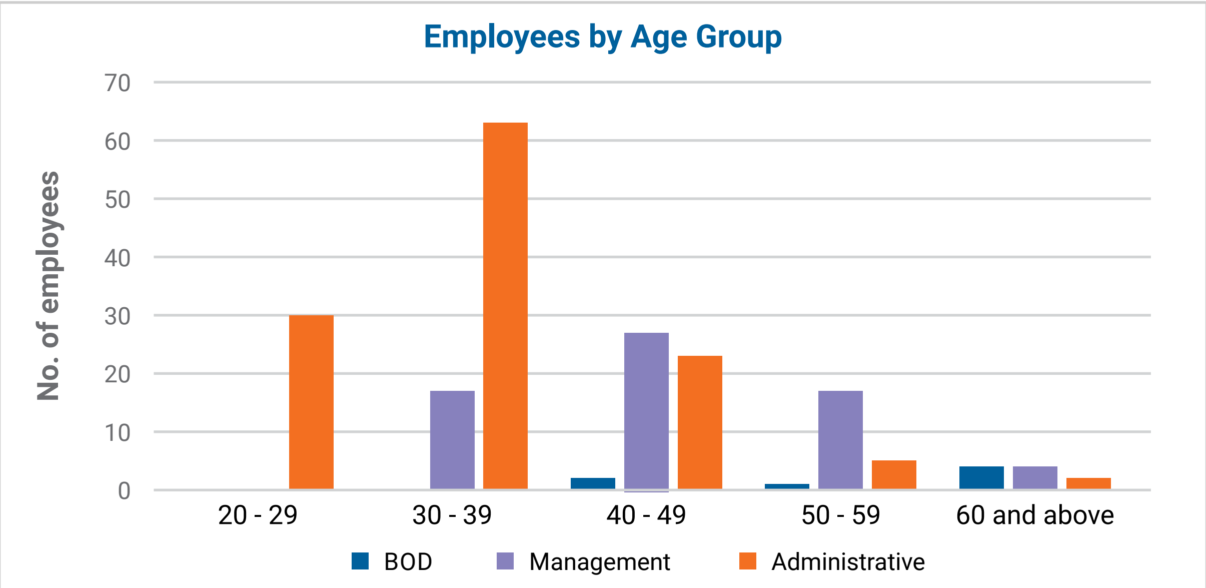
Diversity

Diversity refers to the differences in workforce by gender, age, ethnicity and disability. This measure is considered across the Board, from the directors to the management and the rest of the workforce. As at 31 December 2022, the Group's headcount comprised 7 directors, 65 management and 123 administrative staff, bringing the Group tally to 195 pax.

The Board is aware of the initiative to increase female participation in the boardroom, as such, the Group will continue in looking for the right candidate. At the management and administrative levels, there are no foreigners and local talents are hired and sourced from online job platforms and internal recommendations. Most of the Group's pre-dominantly skilled, white-collar workers are graduates or skilled professionals and fill management or administrative roles.

The following charts depict the composition of the Group's human capital in 2022.

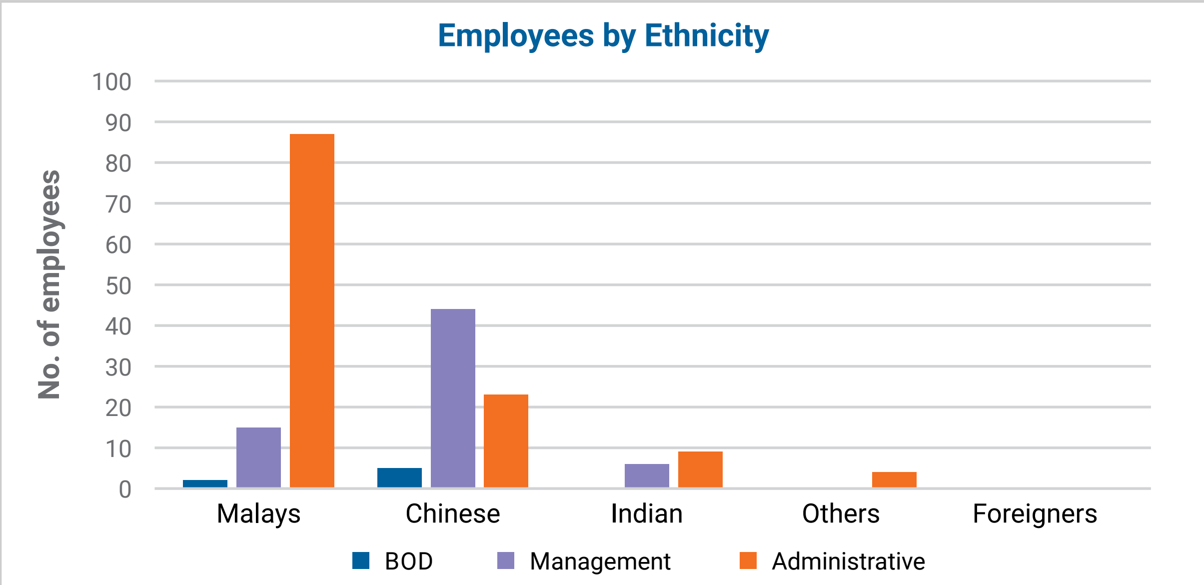




SUSTAINABILITY REPORT
(CONT'D)

SOCIAL (CONT'D)

Diversity (Cont'd)



Labour Practices

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. The freedoms enshrined in this include freedom from forced and child labour, adherence to minimum wages and fair compensation and provision of reasonable working hours per stipulated by Labour Law.

We guarantee an anti-discriminatory and anti-harassment workplace, one that is safe and healthy and above all, ethical in conduct. Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice.

Furthermore, the Group's employee benefits are above minimum statutory requirements and include dental and healthcare benefits, insurance coverage and adequate leaves on a buildable scale based on length of service.

We are committed to the continuous improvement of our workers' accommodation as we understand that this is a key in ensuring our staff welfare and well-being. We are in compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446) whereby we have embarked on the programme to improve the living quarters of our site workers by ensuring reasonable number of workers living in the right size of the space with the required amenities and facilities. Every single site worker is also given an appropriate size and thickness of single bed as well as a cupboard with lock to keep their possessions.

We are also pleased to announce that our Group has been in full compliance with the Employment (Amendment) Act 2022 that came into effect on 1 January 2023. As per the new Act, we have ensured that all our employees are entitled to flexible working arrangements, reducing maximum working hours per week to 45 hours, increasing paid maternity leave to 98 days, increasing paid paternity leave to 7 days and more. We are committed to upholding the standards set by the new Employment Act and ensuring the well-being of our employees.

SOCIAL (CONT'D)

Community Engagement

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made various donations and contribution.

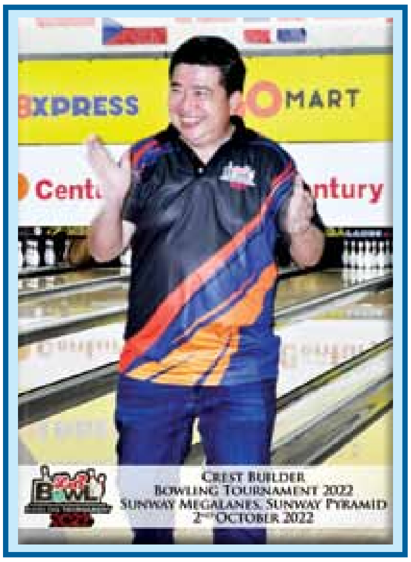
OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long-term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment in our core business	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

SUSTAINABILITY REPORT
(CONT'D)

SUSTAINABILITY REPORT
(CONT'D)



REPORT OF THE AUDIT COMMITTEE

COMPOSITION AND MEMBERS

The current Audit Committee ("the Committee") comprises three (3) members of the Board of Directors ("the Board") who are all Independent Non-Executive Directors. Among the Independent Non-Executive Directors, Mohd Khasan bin Ahmad and Lim Boon Teng are members of the Malaysian Institute of Accountants. Below are the members of the Committee during the financial year:

Directors	Status
1. Mohd Khasan bin Ahmad - Chairman	Independent Non-Executive Director
2. Kam Yong Kan	Independent Non-Executive Director
3. Lim Boon Teng	Independent Non-Executive Director

TERMS OF REFERENCE

The Committee is governed by the following terms of reference:

1. Composition

(i) The Committee shall be appointed by the Board from amongst the directors excluding Alternate Directors; shall consist of not less than three members, where all members are Independent Non-Executive Directors; and at least one (1) member of the Committee:

(a) must be a member of the Malaysian Institute of Accountants; or

(b) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part 11 of the 1st Schedule of the Accountants Act 1967; and

(c) fulfils such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities") or approved by the Securities Commission.

The Chairman shall be an Independent Non-Executive Director elected by the members of the Committee.

(ii) In the event of any vacancy in the Committee resulting in the non-compliance of paragraph (i) above, the Board must fill the vacancy within three (3) months.

(iii) In the event that a former key audit partner is appointed as a member of the Committee, a cooling-off period of at least two (2) years is required to observe prior his/her appointment.

(iv) The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

2. Authority

The Committee is granted the authority to investigate any activity of the Company and its subsidiary companies within its terms of reference, and all employees are directed to co-operate as requested by members of the Committee. The Committee is empowered to obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

TERMS OF REFERENCE (CONT'D)

3. Responsibility

The Committee is to serve as a focal point for communication between non-Committee directors, the external auditors, internal auditors and the management on matters in connection with financial accounting, reporting and controls. The Committee is to assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiary companies and the sufficiency of auditing relative thereto. It is to be the Board's principal agent in assuring the independence of the Company's external auditors, the integrity of the management and the adequacy of disclosures to shareholders.

If the Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to the Exchange.

4. Functions

The functions of the Committee are as follows:

(i) review with the external auditors, their audit plan;

(ii) review with the external auditors, their evaluation of the system of internal control;

(iii) review with the external auditors, their audit report;

(iv) review the assistance given by the Company's officers to the external auditors;

(v) review the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(vi) review the internal audit programmes, processes, the results of the internal audit programmes, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(vii) review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:

(a) changes in or implementation of major accounting policy changes;
(b) significant and unusual events;
(c) significant adjustments arising from the audit;
(d) compliance with accounting standards and other legal requirements;
(e) compliance with Bursa Securities; and
(f) the going concern assumption.

(viii) review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and

(ix) consider the nomination, appointment and re-appointment of external auditors, their audit fees, and any questions on resignation or removal.

REPORT OF THE AUDIT COMMITTEE
(CONT'D)

TERMS OF REFERENCE (CONT'D)

5. Meetings

(i) The Committee is to meet at least four times a year and as many times as the Committee deems necessary.

(ii) In order to form a quorum for any meeting of the Committee, two (2) of the members must be presented and all present must be Non-Executive Directors whereby majority of the directors must be Independent Directors.

(iii) The meetings and proceedings of the Committee are governed by the provisions of the Company's Constitution regulating the meetings and proceedings of the Board so far as the same are applicable.

(iv) The director/person responsible for the financial management of Crest Builder Holdings Berhad and the head of internal audit shall normally attend meetings of the Committee. The presence of a representative of the external auditors will be requested if required.

(v) Upon request by the external auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters the external auditors believe should be brought to the attention of the directors or members of the Company.

(vi) At least twice a year, the Committee shall meet with the external auditors without the presence of other directors and employees of the listed issuer whenever deemed necessary.

6. Secretary and minutes

The secretary of the Committee shall be the Company Secretary. Minutes of each meeting are to be prepared and sent to the Committee members and the Company's directors who are not members of the Committee.

MEETINGS

The Committee convened six (6) meetings in respect for financial year ended 31 December 2022. The attendance for the meetings were as follows:

	Members	Number of meetings attended	Number of meetings held during tenure
1.	Mohd Khasan bin Ahmad - Chairman	6	6
2.	Kam Yong Kan	6	6
3.	Lim Boon Teng	6	6

REPORT OF THE AUDIT COMMITTEE
(CONT'D)

SUMMARY OF ACTIVITIES

For the financial year under review, the Committee carried out its duties as set out in the terms of reference. The Committee convened six (6) meetings to review the following:

- the annual financial statements prior to submission to the Board for consideration and approval;
- the unaudited Quarterly Financial Results for four quarters in year 2022 for the release to the Bursa Securities;
- the Recurrent Related Party Transactions and Related Party Transactions of the Company;
- the Statement of Overview on Corporate Governance and Statement on Risk Management and Internal Control for disclosure in Annual Report 2021;
- the review of the internal audit reports for financial years 2021 and 2022 including internal controls and implementation of recommendations;
- the internal and external audit planning memorandums and programmes of the internal and external auditors for the following year as well as the recommendation of their respective fees to the Board;
- the consideration and recommendation to the Board on the appointment of external and internal auditors; and
- the recommendations by the internal and external auditors in respect of control weaknesses noted during the course of their audit.

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members five (5) business days in advance before the meetings.

INTERNAL AUDIT FUNCTION

The Company has an outsourcing arrangement with an independent professional firm to provide internal audit services which assists the Committee in discharge its functions. The internal auditors, Ernst & Young Advisory Services Sdn. Bhd., provide independent and objective reports on the organisation's management records, accounting policies and controls directly to the Committee. Such audits/reviews also ensure instituted controls are appropriate and effectively applied to achieve acceptable risks exposures. The internal audit function is carried out in accordance with a recognised framework guided by International Standards for the Professional Practice of Internal Auditing. In terms of resources allocated for each of their visit, the team with a size of 4 to 5 members is assigned and headed by the Engagement Partner. The internal auditors are free from any relationship or conflict of interest with the Group, which could impair their objectivity and independence in carrying out their duties.

During the financial year, the internal auditors conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with policies and procedures, laws, regulations and contracts i.e. reasonably ensuring conformity and adherence to these matters.

The internal auditors also established follow-up audits/reviews to monitor and ensure that internal audit's recommendations have been effectively implemented. Reports, including where relevant, action plans agreed with the operational level management, are circulated to senior management and tabled at the Committee Meeting. Internal audit fees of RM130,000 was paid to the outsourced internal auditors for the financial year ended 31 December 2022.

During the financial year, the internal audit activities have been carried out according to the internal audit plan which has been approved by the Committee.

STATEMENT OF OVERVIEW ON **CORPORATE GOVERNANCE**

The Board of Directors ("the Board") remains committed to achieving and maintaining the highest standards of corporate governance throughout the Group. The Board views corporate governance as synonymous with four key concepts; namely transparency, accountability, integrity as well as corporate performance.

Measures and efforts have and shall be taken to ensure as far as practicable the adoption and implementation of the Principles and Recommendations set out in the Malaysian Code on Corporate Governance ("the Code") and in the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad ("Bursa Securities").

Set out below is a description of how the Group has applied the Principles of the Code and how the Board has complied with the Recommendations set out in the Code throughout the financial year ended 31 December 2022.

SECTION A – BOARD OF DIRECTORS

The Board

The Group recognises the importance of role played by the Board in the stewardship of its direction and operations and ultimately the enhancement of long-term shareholder value. To fulfill this role, the Board is responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, acquisition and divestment policy, approval of major capital expenditure projects and significant financial matters. The schedule ensures that the governance of the Group is in its hands.

Duties and Responsibilities of the Board

The responsibilities of the Board of the Company are as follows:

- reviewing and adopting a strategic plan for the Group which will enhance the future growth of the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks;
- succession planning;
- overseeing the development and implementation of shareholder communications policy for the Company; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board has formalised and adopted a Board Charter which serves as a source of reference for directors. The Board Charter comprises, amongst others, the duties and responsibilities of the Board and the management, Board composition, Board Committees, Board meetings, Directors' Code of Business Conduct and Ethics, Directors' training, Directors' remuneration as well as communication between the Board and shareholders.

The Board Charter approved by the Board is reviewed regularly to ensure that new laws, regulations or relevant developments having an impact on the discharge of the Board's responsibilities are taken into account.

The Board Charter is available on the Company's website at www.crestbuilder.com.my.

SECTION A – BOARD OF DIRECTORS (CONT'D)

Board Balance and Independence of Directors

As at the date of this Statement, the Board has seven (7) members, comprising four (4) Non-Executive Directors, two (2) Executive Directors and one (1) Alternate Director. Three (3) of the seven (7) Directors are Independent Non-Executive Directors. A brief profile of each director is presented on pages 12 to 14 of this Annual Report.

There is a clear division of responsibility between the Chairman and the Managing Director of the Group in order to provide for balance of power and authority. The Chairman is responsible for ensuring the Board effectiveness and conduct whilst the Managing Director has an overall responsibility over the operating units, organisational effectiveness and implementation of the Board's policies and decisions.

All of the Independent Non-Executive Directors are independent of management and are free from any business or other relationship that could materially interfere with the exercise of their independent judgement. They have the calibre to ensure that the strategies proposed by the management are fully deliberated and examined in the long-term interest of the Group, as well as shareholders, employees and customers.

One of the recommendations of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process. The Nomination and Remuneration Committee and the Board have upon their annual assessment, concluded that each of the 2 Independent Non-Executive Directors, Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan continue to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition of independence as set out in the MMLR. In addition, the Company has sought shareholders' approval at the Annual General Meeting for both to continue to serve as Independent Directors of the Board. The approval was obtained by shareholders through a two-tier voting process at the last Annual General Meeting held on 14 June 2022. Accordingly, the length of their service on the Board does not interfere with their exercise of independent judgement and ability to act in the best interest of Crest Builder Holdings Berhad.

On 19 January 2022, Bursa Securities announced an amendment to the MMLR to limit the term of Independent Directors to twelve (12) years. All long-serving Independent Directors affected by this amendment must resign or be re-designated as Non-independent Directors on or before 1 June 2023. Following the change in the requirements, both Encik Mohd Khasan bin Ahmad and Mr. Kam Yong Kan have confirmed their retirement from office as Independent Non-Executive Directors at the upcoming Annual General Meeting to be held on 25 May 2023. As part of the succession planning, the Nomination and Remuneration Committee will go through the selection process and then recommend to the Board to appoint the suitable candidates to act as Independent Non-Executive Directors of the Company based on the justifications that each of them shall fulfil the criteria of an Independent Director in accordance with the MMLR as follows:

(i) *An independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed issuer. Without limiting the generality of the foregoing, an independent director is one who*

- *is not, and has not been within the last three (3) years, an officer of the applicant, listed issuer or any related corporation of such applicant or listed issuer (each corporation is referred to as "said Corporation"). For this purpose, "officer" has the meaning given in Section 2 of the Companies Act 2016 but excludes a director who has served as an independent director in any one or more of the said Corporations for a cumulative period of less than twelve (12) years;*
- *is not a major shareholder of the said Corporation;*
- *is not a family member of any executive director, officer or major shareholder of the said Corporation;*
- *is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;*

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(CONT'D)

SECTION A – BOARD OF DIRECTORS (CONT'D)

Board Balance and Independence of Directors (Cont'd)

(i) An independent director means a director who is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of an applicant or a listed issuer. Without limiting the generality of the foregoing, an independent director is one who (Cont'd)

- *has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange;*
- *has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange, or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiary companies of the applicant or listed issuer) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange; or*
- *has not served as an independent director in any one or more of the said Corporations for a cumulative period of more than twelve (12) years from the date of his first appointment as an independent director.*

As far as board diversity policies are concerned, while the Company does not have such a formal policy in place, the Board is actively working towards promotion of corporate culture that embraces diversity in its recruitment process. The Board has achieved Boardroom diversity in terms of gender, age and ethnicity. As of to-date, 16.7% of Board members is represented by woman director (excluding Alternate Director).

Code of Conduct

The Company has issued and implemented a Code of Business Conduct and Ethics that applies to all directors and employees of the Group. Directors and employees are required to read, understand and abide by the Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics is effectively communicated via the Company's Employee Handbook and is subject to regular review and updates. The Code of Business Conduct and Ethics lays out the ethical, business and lawful conduct of the Company, including managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Company has a formalised Whistleblowing Policy and Procedure, which can be found in the Anti-Bribery and Anti-Corruption Policy. The Whistleblowing Policy and Procedure is planned as a tool to manage non-compliance to the Group's Code of Business Conduct and Ethics and its future improvement. The whistleblower is advised to report and provide appropriate information of any improper conduct to any of the Risk Management Committee members or Integrity Officer for further action.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (CONT'D)

SECTION A – BOARD OF DIRECTORS (CONT'D)

Board Meetings

The Board ordinarily meets at least four (4) times a year at quarterly intervals with additional meetings convened when urgent and important decisions need to be taken between the scheduled meetings. During the financial year, the Board met on five (5) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, corporate finance and strategic decisions, the business direction of the Group and corporate governance matters.

Details of the attendance of the directors at the Board Meetings are as follows:

Directors	Number of meetings attended in 2022
(i) Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	5/5
(ii) Yong Shang Ming	5/5
(iii) Koh Hua Lan (f)	5/5
(iv) Mohd Khasan bin Ahmad	5/5
(v) Kam Yong Kan	5/5
(vi) Lim Boon Teng	5/5
(vii) Yong Tiok Keng (f) (Alternate to Koh Hua Lan)	5/5

Where a potential of conflict arises in the Group's investment, projects or any transactions involving director's interest, such director is required to declare his/her interest and abstain from further discussion and the decision-making process.

Board Committees

Where appropriate, matters have been delegated to Board Committees, all of which have written minutes and terms of reference to assist the Board in discharging its duties and responsibilities. The Board will then receive the reports of their proceedings and deliberations in its scheduled Board meetings.

(i) Audit Committee

The composition of Audit Committee meets the MMLR, i.e. all members are Non-Executive Directors and at least one (1) member is a qualified accountant. The primary objective of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Group. The Report of the Audit Committee is set out on pages 44 to 47. The Audit Committee is empowered to obtain external professional advice and to invite outsiders with relevant experience to attend its meeting when necessary.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(CONT'D)

SECTION A – BOARD OF DIRECTORS (CONT'D)

Board Committees (Cont'd)

(ii) Nomination and Remuneration Committee

The responsibilities of the Nomination and Remuneration Committee are as follows:

- identifying and recommending new nominees to the Board as well as committees of the Board;
- reviewing regularly the Board structure, size and composition and ensuring that at least one-third (1/3) of the Board is independent;
- reviewing the required mix of skills, experience and other qualities including core competencies which Non-Executive Directors should bring to the Board;
- assessing the effectiveness of the Board, the committees and the contribution of each individual director annually;
- evaluating and determining the training needs of the directors to enable them to effectively discharge their duties;
- recommending directors who are retiring by rotation to be put forward for re-election pursuant to the Constitution of the Company;
- reviewing the Group's remuneration policy and the remuneration packages of the executive directors of the Group;
- proposing, subject to the approval of the Board, the remuneration and terms and conditions of service and the remuneration to be paid to each director for his services as a member of the Board as well as committees of the Board; and
- designing and implementing evaluation procedures for directors.

All of the members of the Nomination and Remuneration Committee are Independent Non-Executive Directors. The members of the Committee and the details of their attendance are as follows:

Directors	Number of meetings attended in 2022
Lim Boon Teng (Chairman)	1/1
Mohd Khasan bin Ahmad	1/1
Kam Yong Kan	1/1

Supply of Information

The Board is supported by a qualified and competent Company Secretary who is accountable to the Board and is responsible for advising the Board on issues relating to corporate governance with the relevant laws, rules and regulations affecting the Group and the Company as well as ensuring compliance with the statutory requirements of the Companies Act 2016, the MMLR and other regulatory bodies.

All scheduled meetings held during the financial year were preceded with a formal agenda issued by the Company Secretary in consultation with the Chairman and the Managing Director. The agenda for each meeting was accompanied by the minutes of preceding meetings of the Board and Board Committees, reports on Group's financial performance, industry trends, business plans and proposals, quarterly result announcements and other relevant information. The Board papers encompass all material aspects of the matters being considered, enabling the Board to look at both quantitative and qualitative factors so that informed decisions are made. All the Board papers are distributed five (5) business days in advance of the meetings to ensure directors are well informed and prepared for the meetings.

All directors have access to the advice and services of the Company Secretary. Directors are informed and aware that they may take independent professional advice, if necessary and appropriate in furtherance of their duties, at the expense of the Group.

SECTION A – BOARD OF DIRECTORS (CONT'D)

Appointments and Re-elections to the Board

The Nomination and Remuneration Committee is responsible for making recommendations for any appointments to the Board. In making these recommendations, the Nomination and Remuneration Committee considers the required mix of skills and experience which the directors should bring to the Board.

In accordance with the Company's Constitution, all directors who are appointed by the Board are subject to re-election by rotation by shareholders at the first opportunity after their appointments. The Constitution also provides that at least one-third (1/3) of the remaining directors be subject to re-election by rotation at each Annual General Meeting, provided that all directors including the Managing Director shall retire from office at least once every three (3) years but shall be eligible for re-election.

Annual Evaluation

The Board has undertaken a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each individual director. Every year, directors are required to complete the Directors' Self-Performance Evaluation Form covering a series of key success factors, namely integrity and ethics, governance, strategic perspective, business acumen, judgement and decision making, teamwork, communication and leadership. Directors are also given opportunity to provide feedback on the performance of the Board and the Company and suggestion for improvement.

Directors Training

All the directors of the Company have attended the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities for directors of public listed companies.

The Board encourages directors to participate in ongoing education, as well as participation in accredited director education programmes.

During the financial year 2022, all directors had attended various training programmes, conferences, seminars and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as directors. The directors had attended/participated in one or more of the following training programmes/conferences/seminars/workshops in 2022:

- Anti-Bribery Management System (ABMS) – Overview for Board of Directors
- Conversation with Audit Committees – Session 1
- MBAM Annual Safety & Health Conference 2022 – Construction Safety-Beyond Compliance in the New Dawn
- MIA Blended Learning Series: Advanced Corporate Tax Issues and Strategies – Inclusive of Latest Tax Developments and Updates on Budget 2023
- MIA Blended Learning Series: How Compliance with IFRS/MFRS Influences Obtaining Sufficient and Appropriate Audit Evidence
- MIA Webinar Series: MFRS/IFRS Technical Update 2022
- Pathway for Tax Agent License – A comprehensive Guidance (MIA)
- Sime Darby Property Partners Dialogue'22
- The Asean Constructors' Federation (ACF) Conference on "Together Shaping the Future of Construction in Asean"
- Values as a Source of Competitive Advantage
- Webinar on Bubbledeck the Solution to the Problems of the Construction Industry in Malaysia (MBAM)
- Webinar on Digital Transformation Journey (MBAM)
- Webinar on Digital Transformation Journey Session 2 (MBAM)
- Webinar on Durable Building System with UAC & Technoframe (MBAM)
- Webinar on Managing Disputes among Contracting Parties Post COVID-19 and Way Forward (MBAM)
- Webinar on Minimising Construction Delays with Filtration (MBAM)
- Webinar on Tax Awareness for Employer: Are You Ready for Employer's Audit? (MBAM)

The directors are also kept informed of the various requirements and updates issued by regulatory authorities.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (CONT'D)

SECTION B – DIRECTORS' REMUNERATION

The objectives of the Group's remuneration policy are to attract and retain the directors required to lead and control the group effectively. Generally, the remuneration of each director reflects the level of responsibility and commitment that goes with the Board Committee membership. In the case of Executive Directors, the component parts of the remuneration are structured so as to link rewards to individual and the Group's performance.

The Nomination and Remuneration Committee reviews and recommends directors' remuneration for the Board's approval.

Disclosure

The Board has considered disclosure of details of the remuneration of each director. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to directors' remuneration as required by the MMLR and the Code have been met.

Aggregate remuneration of directors of the Company and subsidiary companies is categorised into appropriate components:

Directors	Directors' fees (RM)	Salaries and/or other emoluments (RM)	Total (RM)
Executive Directors	–	1,691,474	1,691,474
Non-Executive Directors	198,000	–	198,000
Total	198,000	1,691,474	1,889, 474

The remuneration/fees received by the directors (including Alternate Director) from the Group for the financial year ended 31 December 2022 as follows:

No.	Name	Fee RM'000	Salary RM'000	Bonus RM'000	Benefits-in-kind RM'000	Other emoluments RM'000	Total RM'000
1)	Yong Shang Ming (Managing Director)	–	528.0	89.0	28.0	75.0	720.0
2)	Koh Hua Lan (f) (Executive Director)	–	336.0	28.0	–	118.4	482.4
3)	Yong Tiok Keng (f) (Alternate Director to Koh Hua Lan)	–	394.8	33.2	8.7	52.4	489.1
4)	Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah (Non-Executive Chairman)	49.5	–	–	–	–	49.5
5)	Mohd Khasan bin Ahmad (Independent Director)	49.5	–	–	–	–	49.5
6)	Kam Yong Kan (Independent Director)	49.5	–	–	–	–	49.5
7)	Lim Boon Teng (Independent Director)	49.5	–	–	–	–	49.5

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE (CONT'D)

SECTION B – DIRECTORS' REMUNERATION (CONT'D)

Disclosure (Cont'd)

On top of the above, the key management personnel's remuneration paid during the financial year ended 31 December 2022 are presented into bands of RM50,000 is as follows:

No.	Name	Salary RM	Allowance RM	Bonus RM	Benefits RM	Total RM
1)	Teh Hock Hua (Chief Executive Officer (Construction Division))	450,001-500,000	–	50,001-100,000	50,001-100,000	600,001-650,000
2)	Ir. Dr. Siew Woh Hon (Chief Operating Officer (Construction and M&E Divisions))	300,001-350,000	0-50,000	0-50,000	0-50,000	400,001-450,000
3)	Sze To Paui Khay (Chief Operating Officer (Property Division))	250,001-300,000	0-50,000	0-50,000	0-50,000	350,001-400,000
4)	Yong Tiok Nee (Head of Construction Solutions & Property Management)	150,001-200,000	0-50,000	0-50,000	0-50,000	200,001-250,000

SECTION C – SHAREHOLDERS

Dialogue between the Company and Investors

The Company values communication with its shareholders and investors and does this through the Annual Report, Annual General Meeting and Corporate Announcements. All enquiries made are normally dealt with as promptly as practicable.

The Company also holds briefings with research analysts, fund managers and investors to explain the Group's strategies, performance and major developments and the Board plans to conduct regular dialogues with institutional investors, fund managers and analysts with the aim of fostering mutual understanding of the Group's objectives.

The Annual General Meeting

The Company has used the Annual General Meeting as a forum of communication with its shareholders. The Board encourages participation from shareholders by having a question and answer session during the Annual General Meeting whereby the directors are available to discuss aspects of the Group's performance and its business activities. Each item of special business included in the notice of the meeting is accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxies received, both for and against each separate resolution, where appropriate.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(CONT'D)

SECTION D – ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly announcement of results to shareholders as well as the Management Discussion and Analysis in the Annual Report.

The directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable have been complied with.

The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting.

Internal Control

The Board acknowledges responsibility for maintaining a sound internal control system and for reviewing its adequacy and integrity. The internal control system is designed to safeguard the shareholders' investments and the Group's assets, by its nature can only manage rather than eliminate risk of failure to achieve business objectives and inherently can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board regards risk management as an integral part of the business operations. During the year, heads of departments of the Group have attended monthly management meetings and discussed matters related to risk management in order to deepen their understanding of the risks and propose possible solutions that may affect the achievement of their respective operating unit's business objectives.

Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control laid out on pages 59 to 61 of this Annual Report.

Relationship with Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with the Group's auditors, both external and internal, in ensuring that the financial statements of the Group and the Company comply with the accounting standards in Malaysia and the risk management and internal control system of the Group are effective. In relation to the financial statements, the role of the Audit Committee in relation to the external auditors are contained in the Report of Audit Committee set out on pages 44 to 47 of this Annual Report.

The Audit Committee met the external auditors twice a year on 26 January 2022 and 24 August 2022 without the presence of the Executive Directors and the management to exchange views on matters which require the Audit Committee's attention.

The Audit Committee had assessed the suitability, objectivity and independence of the external auditors. In its assessment, the Audit Committee considered several factors such as resources, competency, scope of audit and level of non-audit services rendered by Baker Tilly Monteiro Heng PLT for financial year 2022.

Baker Tilly Monteiro Heng PLT confirmed that they will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Group and of the Company for financial year ended 31 December 2022 in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountant's *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Being satisfied with Baker Tilly Monteiro Heng PLT's performance, technical competency and audit independence, the Audit Committee recommended the re-appointment of Baker Tilly Monteiro Heng PLT as external auditors for financial year ending 31 December 2023, which was concurred by the Board for it to be proposed for shareholders' approval at the forthcoming Annual General Meeting.

ADDITIONAL COMPLIANCE INFORMATION

In conformity with Bursa Securities Listing Requirements, the following information is provided:

1. Utilisation of Proceeds

The Company did not implement any fund raising proposal, whether involving the issue of securities or otherwise during the financial year.

2. Share Buy-Back

The Company did not undertake Share Buy-Back for the financial year ended 31 December 2022.

As at 31 December 2022, 14,814,100 shares were held as treasury shares. There was no resale nor cancellation or distribution of treasury shares during the financial year.

3. Exercise of Options, Warrants or Convertible Securities

There was no exercise of options, warrants or convertible securities during the financial year.

4. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR Programme during the financial year.

5. Imposition of Sanctions/Penalties

There were no sanctions/penalties imposed on the Company and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislations by the relevant regulatory authorities.

6. Non-Audit Fees

Non-audit fees amounting to RM17,100 were paid/payable to the external auditors for the financial year ended 31 December 2022.

7. Profit Estimate, Forecast or Projection

The Company did not announce any profit estimate, forecast or projection during the financial year.

8. Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

9. Material Contracts

There were no material contracts entered into by the Company and its related parties which involved directors' and major shareholders' interests during the financial year.

STATEMENT OF OVERVIEW ON CORPORATE GOVERNANCE
(CONT'D)

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

In conformity with Bursa Securities Listing Requirements, the following information is provided (Cont'd):

10. Recurrent Related Party Transactions

The recurrent related party transactions during the financial year ended 31 December 2022 are as follows:

Related party	Contracting party	Nature of transaction	Transacted value for financial year ended 31 December 2022 RM
Farima Sdn. Bhd (company connected to Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah)	Crestland Development Sdn. Bhd.	Rental expense	24,000

11. Revaluation Policy

The revaluation policy on landed properties of the Company and its subsidiary companies is disclosed in Note 3.6 to the Financial Statements.

12. Variation in Results

There was no significant variation in results (differ by 10% or more) from any profit estimation/forecast/projection/unaudited result announced.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S RESPONSIBILITIES

Pursuant to the requirements under the Malaysian Code on Corporate Governance for companies listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") acknowledges their responsibilities under the Bursa Securities Listing Requirements to:

- identify principal business risks and ensure implementation of appropriate control measures to manage the risks; and

- review the adequacy and integrity of the internal control system, management information system and system for compliance with applicable laws, regulations, rules, directives and guidelines.

It should be noted that a risk management and internal control system is designed to manage risks rather than eliminate them, and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board confirms that there is an ongoing risk management process established to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of Crest Builder Group of Companies ("the Group") business and corporate objectives. The Board reviews the process on a regular basis to ensure proper management of risks and that measures are taken to mitigate any weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The enterprise risk management framework of the Group was set up in 2003 with the assistance of a professional firm of consultants. The formalisation of the enterprise risk management framework involved developing the risk profile where principal business risks, which could affect the achievement of the strategic business objective of the Group, are systematically identified, evaluated and mitigated.

A risk management committee was established in 2006. The committee is dedicated to meet its obligations and fiduciary responsibilities to stakeholders of the Group. It is actively reviewing the framework to enhance the identification, evaluation and communication of the overall risk process to ensure critical risks (present and potential) are managed systematically and communicated to the Board on a timely basis. The committee also would ensure the framework is relevant and adaptive to changes in the business environment from time to time.

INTERNAL CONTROL

The Board through the Audit Committee and Management Committee reviews and monitors, as an ongoing process, the adequacy and integrity of the internal control system.

Audit Committee

The Audit Committee received reports from the internal auditors at least twice a year. The Group has an outsourcing arrangement with an independent professional firm in relation to its internal audit function. The internal audit function adopts a risk-based approach which focuses on the principal risks affecting the key business processes of the Group. Periodic scheduled internal audit visits have been carried out in accordance with the approved internal audit plan.

The internal audit function is responsible for undertaking regular and systematic review of the internal controls to provide the Audit Committee and the Board with sufficient assurance that the system of internal control is effective in addressing the risks identified. On a half yearly basis, internal auditors submit audit reports and plan status for review and approval by the Audit Committee. Included in the reports are recommended corrective measures on risks identified, if any, for implementation by the management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(CONT'D)

INTERNAL CONTROL (CONT'D)

Audit Committee (Cont'd)

As required by paragraph 15.23 of Bursa Securities Listing Requirements, the external auditors have conducted a limited assurance engagement on this Statement on Risk Management and Internal Control. Their limited assurance engagement was performed in accordance with ISAE3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 (Revised November 2022) (previously RPG 5 (Revised 2015)) ("AAPG 3"), *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control*.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this statement is not prepared, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Controls: *Guidance for Directors of Listed Issuers* to be set out, nor is factually inaccurate. AAPG 3 does not require the external auditors to consider whether this Statement 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 including the assessment and opinion by the Board and management thereon. The external auditors also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Management Committee

The Management Committee oversees the day-to-day operations and conduct of the Group's businesses. Scheduled meetings are held at operational and management levels to identify, discuss and resolve business and operational issues. These include scheduled management meetings at Group and individual subsidiary company levels, project managers meetings and site meetings. Minutes of these meetings and management reports are escalated to the relevant Executive Directors on a timely basis. The meetings are held as part of an ongoing process to review and assess the adequacy and effectiveness of the Group's risk management and internal control system and to ensure that any shortcomings identified are addressed on a timely basis.

Other Features of the Group's Internal Control System

Other features of the Group's internal control system include the following:

- Quality Policy and Quality Objectives which clearly outlined the Group's direction
- Clear organisation structure with delineated reporting lines
- Systematic performance appraisal for all employees of the Group
- Continuous training provided to maintain high competency and capabilities levels
- Clearly defined objectives and term of reference of the various committees are established by the Board
- Frequent visits to the job sites by Executive Directors and senior management
- Processes and procedures in accordance with the requirements of MS ISO 9001:2015 certification are implemented
- Employee Handbook is available for reference
- Anti-Bribery and Anti-Corruption Policy
- Project Budget and controls

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW

The Board has received assurance from Managing Director and Head of Finance that the Group's risk management and internal control system are operating adequately and effectively.

For the financial year under review, the Board is satisfied with the adequacy and effectiveness of the risk management, and the review and monitoring of the internal control system gives reasonable assurance that the internal controls in place are adequate. Where exceptions were noted, they were not material in the context of this report and corrective actions have been taken.

The Board recognises that the Group operates in a dynamic business environment and that the Group's internal control system must be responsive to changes in the business environment and continuously evolves to support its business objectives. The review of all control procedures was continuously carried out throughout the period under review and up to the date of approval of this Statement for inclusion in the annual report to ensure an effective and efficient system of internal control. The Board remains committed towards continuous improvements and enhancements of its system of internal control and will, when necessary, put in place action plans to ensure that there is increased certainty of the achievement of business objectives, thus enhancing shareholders' value.

This Statement is made in accordance with a resolution of the Board dated 15 March 2023.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The directors of Crest Builder Holdings Berhad acknowledge their responsibilities to prepare the financial statements 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 financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards, the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In the preparation of the financial statements, the directors have:

- ensured that applicable approved accounting standards have been complied with;
- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent where needed;
- assessed the Group's and the Company's ability to continue as going concern, and confirmed that the financial statements are prepared using the going concern basis of accounting; and
- ensured that the necessary internal controls are in place so that the financial statements are prepared free from material misstatement.

This Statement is made in accordance with a resolution of the Board dated 15 March 2023.

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DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged as an investment holding company. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year, net of tax	(12,305,497)	(1,752,926)
Attributable to:		
Owners of the Company	(14,951,889)	(1,752,926)
Non-controlling interests	2,646,392	–
	(12,305,497)	(1,752,926)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2022.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) 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 for the financial year in which this report is made.

DIRECTORS' REPORT
(CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2022, the Company held 14,814,100 treasury shares out of its 176,921,657 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM13,660,787. Further details are disclosed in Note 20 to the financial statements.

DIRECTORS

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

Tengku Dato' Sulaiman Shah Bin Tengku Abdul Jalil Shah *
Koh Hua Lan *
Yong Shang Ming *
Mohd Khasan Bin Ahmad
Kam Yong Kan
Lim Boon Teng
Yong Tiok Keng (Alternate director to Koh Hua Lan) *

* *Directors of the Company and of certain subsidiary companies*

Other than as stated above, the names of the directors of the subsidiary companies of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Firdaus Bin Tajuddin
Khoo Kheng Kiat
Sri Rahayu Binti Tajuddin
Teh Hock Hua
Yong Tiok Nee

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Indirect interests:				
Koh Hua Lan #	69,048,000	1,033,200	–	70,081,200
Yong Shang Ming #	69,048,000	1,033,200	–	70,081,200
Yong Tiok Keng # ^	69,048,000	1,033,200	–	70,081,200

\# *Shares held through a company in which the director has substantial financial interests*
^ *Alternate director to Koh Hua Lan*

By virtue of her interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Koh Hua Lan is deemed to have an interest in the ordinary shares of the subsidiary companies to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares or debentures of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than any deemed benefits which may arise from transactions as disclosed in Note 32(b) to the financial statements.

The directors' benefits of the Group and of the Company were as follows:

	Group 2022 RM	**Company 2022 RM**
Executive Directors (including Alternate Director) of the Company		
- Salaries and other emoluments (included estimated benefits-in-kind)	1,691,474	–
Non-Executive Directors of the Company		
- Fees	198,000	198,000
Total directors' remuneration	1,889,474	198,000

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' BENEFITS (CONT'D)

During the financial year, included in the directors' benefits of the Group are benefits-in-kind amounting to RM36,700.

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

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM14,800 respectively.

SUBSIDIARY COMPANIES

The details of the Company's subsidiary companies are disclosed in Note 7 to the financial statements.

The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The auditors' remuneration of the Group and of the Company during the financial year were RM318,300 and RM66,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

....
TENGKU DATO' SULAIMAN SHAH
BIN TENGKU ABDUL JALIL SHAH
Director

....
YONG SHANG MING
Director

Petaling Jaya

Date: 15 March 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
ASSETS			
Non-current assets			
Property, plant and equipment	5	32,285,911	33,238,905
Investment properties	6	275,327,612	276,327,612
Golf club membership	8	54,000	54,000
Inventories	9	18,301,691	82,377,546
Goodwill	10	23,659,780	23,659,780
Operating financial asset	11	257,300,285	269,736,029
Deferred tax assets	12	41,164,732	35,731,416
Total non-current assets		648,094,011	721,125,288
Current assets			
Inventories	9	302,282,161	297,043,949
Operating financial asset	11	12,433,825	11,048,836
Trade and other receivables	13	198,998,067	171,132,073
Contract assets	15	39,758,012	35,866,201
Current tax assets		1,518,032	1,709,617
Short term investments	16	3,888,658	10,731,575
Fixed deposits placed with licensed banks	17	52,439,795	50,881,266
Cash and bank balances	18	17,884,102	19,484,303
Total current assets		629,202,652	597,897,820
TOTAL ASSETS		1,277,296,663	1,319,023,108

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONT'D)

	Note	2022 RM	2021 RM
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	181,190,804	181,190,804
Treasury shares	20	(13,660,787)	(13,660,787)
Retained earnings		178,713,181	193,665,070
		346,243,198	361,195,087
Non-controlling interests		24,478,391	21,831,999
TOTAL EQUITY		370,721,589	383,027,086
Non-current liabilities			
Loans and borrowings	21	317,237,808	357,081,651
Deferred tax liabilities	12	35,092,847	34,162,511
Tax liabilities		2,040,363	–
Trade and other payables	22	22,023,719	10,552,722
Total non-current liabilities		376,394,737	401,796,884
Current liabilities			
Loans and borrowings	21	239,789,046	175,000,326
Current tax liabilities		560,991	280,262
Trade and other payables	22	274,454,768	343,701,584
Contract liabilities	15	15,375,532	15,216,966
Total current liabilities		530,180,337	534,199,138
TOTAL LIABILITIES		906,575,074	935,996,022
TOTAL EQUITY AND LIABILITIES		1,277,296,663	1,319,023,108

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Revenue from contracts with customers and other revenue		313,398,397	221,497,052
Finance income from concession contract		32,686,163	33,915,384
Revenue	23	346,084,560	255,412,436
Cost of sales	24	(306,426,129)	(250,348,832)
Gross profit		39,658,431	5,063,604
Other income		1,058,679	1,224,415
Administrative expenses		(20,591,916)	(22,869,754)
Net impairment losses on receivables and contract assets		(610,218)	(2,847,737)
Other expense		(1,000,000)	–
Operating profit/(loss)		18,514,976	(19,429,472)
Finance income	25	1,064,673	1,526,264
Finance costs	26	(32,474,907)	(30,924,518)
Loss before tax	27	(12,895,258)	(48,827,726)
Income tax credit	28	589,761	5,272,898
Loss for the financial year		(12,305,497)	(43,554,828)
Other comprehensive income, net of tax		–	–
Total comprehensive loss for the financial year		(12,305,497)	(43,554,828)
(Loss)/Profit attributable to:			
Owners of the Company		(14,951,889)	(44,987,888)
Non-controlling interests		2,646,392	1,433,060
		(12,305,497)	(43,554,828)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(14,951,889)	(44,987,888)
Non-controlling interests		2,646,392	1,433,060
		(12,305,497)	(43,554,828)
Loss per share (sen):	29		
- basic		(9.22)	(27.75)
- diluted		(9.22)	(27.75)

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		← Attributable to owners of the Company →					
	Note	Share capital RM	Treasury shares RM	Retained earnings RM	Sub-total RM	Non-controlling interests RM	Total equity RM
At 1 January 2021		181,190,804	(13,660,787)	241,465,026	408,995,043	17,709,371	426,704,414
Total comprehensive (loss)/income for the financial year		–	–	(44,987,888)	(44,987,888)	1,433,060	(43,554,828)
Transaction with owners							
Changes in ownership interests in a subsidiary company	7(b)	–	–	(2,812,068)	(2,812,068)	2,689,568	(122,500)
Total transaction with owners		–	–	(2,812,068)	(2,812,068)	2,689,568	(122,500)
At 31 December 2021		181,190,804	(13,660,787)	193,665,070	361,195,087	21,831,999	383,027,086
Total comprehensive (loss)/income for the financial year		–	–	(14,951,889)	(14,951,889)	2,646,392	(12,305,497)
At 31 December 2022		181,190,804	(13,660,787)	178,713,181	346,243,198	24,478,391	370,721,589

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
Loss before tax		(12,895,258)	(48,827,726)
Adjustments for:			
Amortisation of discount on Sukuk Murabahah	26	2,428,253	2,608,768
Bad debts written off		495,532	–
Depreciation of property, plant and equipment	5	6,803,313	5,470,304
Fair value loss on investment properties	6	1,000,000	–
Finance income from concession contract	23	(32,686,163)	(33,915,384)
Gain on disposal of property, plant and equipment		–	(35,000)
Impairment losses on:			
- trade receivables		–	4,101,723
- other receivables		2,023,192	–
Income from short term investments		(157,083)	(164,328)
Interest expense		30,046,654	28,315,750
Interest income from banks		(1,085,926)	(1,536,688)
Reversal of impairment losses on:			
- contract assets		–	(680,580)
- trade receivables		(1,412,974)	(573,406)
Operating loss before changes in working capital		(5,440,460)	(45,236,567)
Changes in working capital:			
Operating financial asset		43,736,918	43,736,918
Inventories		58,837,643	(5,848,363)
Trade and other receivables		(28,971,744)	13,921,704
Contract assets		(3,891,811)	41,465,210
Trade and other payables		(57,775,819)	(6,937,459)
Contract liabilities		158,566	(871,205)
Net cash generated from operations		6,653,293	40,230,238
Income tax paid		(1,705,342)	(2,298,557)
Income tax refunded		304,800	3,567,038
Interest received	23	49,040	26,494
Net cash from operating activities		5,301,791	41,525,213

CONSOLIDATED STATEMENT OF CASH FLOWS
(CONT'D)

	Note	2022 RM	2021 RM
Cash flows from investing activities			
Interest received	25	1,036,886	1,510,194
Proceeds from disposal of property, plant and equipment		–	35,000
Proceeds from disposal of short term investments		7,000,000	2,000,000
Purchase of property, plant and equipment	(a)	(5,748,384)	(1,754,912)
Change in pledged deposits		11,626	(693)
Net cash from investing activities		2,300,128	1,789,589
Cash flows from financing activities	(b)		
Interest paid		(30,046,654)	(28,315,750)
Net drawdown/(repayment) of bankers' acceptances		20,191,080	(630,187)
Net drawdown of revolving credits		16,811,687	12,066,685
Payment of lease liabilities		(3,258,163)	(5,912,212)
Repayment of Sukuk Murabahah		(25,000,000)	(25,000,000)
Net cash used in financing activities		(21,302,050)	(47,791,464)
Net decrease in cash and cash equivalents		(13,700,131)	(4,476,662)
Cash and cash equivalents at the beginning of the financial year		34,967,015	39,443,677
Cash and cash equivalents at the end of the financial year		21,266,884	34,967,015
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	17	52,439,795	50,881,266
Cash and bank balances	18	17,884,102	19,484,303
		70,323,897	70,365,569
Less:			
Bank overdrafts	21	(44,258,541)	(30,588,456)
Fixed deposits pledged with licensed banks	17	(4,798,370)	(4,809,996)
Bank balances maintained in an escrow account	18	(102)	(102)
		21,266,884	34,967,015

CONSOLIDATED STATEMENT OF CASH FLOWS
(CONT'D)

(a) Purchase of property, plant and equipment:

	Group 2022 RM	Group 2021 RM
Purchase of property, plant and equipment	5,850,319	10,734,913
Financed by way of lease arrangements	(101,935)	(8,980,001)
Cash payments on purchase of property, plant and equipment	5,748,384	1,754,912

(b) Reconciliation of liabilities arising from financing activities:

	As at 1.1.2022 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Amortisation of discount RM	As at 31.12.2022 RM
Term loan	38,500,000	–	–	–	38,500,000
Lease liabilities	10,330,897	(3,258,163)	101,935	–	7,174,669
Sukuk Murabahah	334,093,538	(25,000,000)	–	2,428,253	311,521,791
Bankers' acceptances	35,931,920	20,191,080	–	–	56,123,000
Revolving credits	82,637,166	16,811,687	–	–	99,448,853
	501,493,521	8,744,604	101,935	2,428,253	512,768,313

	As at 1.1.2021 RM	Cash flows RM	Non-cash Acquisition RM	Non-cash Amortisation of discount RM	As at 31.12.2021 RM
Term loan	38,500,000	–	–	–	38,500,000
Lease liabilities	7,263,108	(5,912,212)	8,980,001	–	10,330,897
Sukuk Murabahah	356,484,770	(25,000,000)	–	2,608,768	334,093,538
Bankers' acceptances	36,562,107	(630,187)	–	–	35,931,920
Revolving credits	70,570,481	12,066,685	–	–	82,637,166
	509,380,466	(19,475,714)	8,980,001	2,608,768	501,493,521

(c) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM5,122,167 (2021: RM6,927,098).

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 RM	2021 RM
ASSETS			
Non-current assets			
Plant and equipment	5	–	–
Investment in subsidiary companies	7	110,365,268	110,365,268
Amount due from subsidiary companies	14	168,061,484	159,325,315
Total non-current assets		278,426,752	269,690,583
Current assets			
Amount due from subsidiary companies	14	7,531,140	8,369,467
Deposit and prepayment		8,474	14,093
Short term investments	16	1,411,089	8,281,793
Fixed deposits placed with licensed banks	17	3,168,370	3,148,484
Cash and bank balances	18	2,819	115,012
Total current assets		12,121,892	19,928,849
TOTAL ASSETS		290,548,644	289,619,432
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	19	181,190,804	181,190,804
Treasury shares	20	(13,660,787)	(13,660,787)
Retained earnings		22,815,523	24,568,449
TOTAL EQUITY		190,345,540	192,098,466
Current liabilities			
Loans and borrowings	21	40,637,093	21,262,457
Current tax liabilities		104,597	276,659
Other payables and accruals	22	206,799	172,033
Amount due to subsidiary companies	14	59,254,615	75,809,817
Total current liabilities		100,203,104	97,520,966
TOTAL LIABILITIES		100,203,104	97,520,966
TOTAL EQUITY AND LIABILITIES		290,548,644	289,619,432

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Interest income		7,501,424	6,814,571
Other revenue		129,296	148,258
Revenue	23	7,630,720	6,962,829
Cost of sales		–	–
Gross profit		7,630,720	6,962,829
Other income		449	2,633,493
Administrative expenses		(908,234)	(908,637)
Impairment loss on receivables		(1,784,116)	(2,066,475)
Other expenses		(2,976,849)	(1,921,023)
Operating profit		1,961,970	4,700,187
Finance costs	26	(2,572,889)	(488,640)
(Loss)/Profit before tax	27	(610,919)	4,211,547
Income tax expense	28	(1,142,007)	(1,456,900)
(Loss)/Profit for the financial year		(1,752,926)	2,754,647
Other comprehensive income, net of tax		–	–
Total comprehensive (loss)/income for the financial year		(1,752,926)	2,754,647

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

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

	Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 January 2021	181,190,804	(13,660,787)	21,813,802	189,343,819
Total comprehensive income for the financial year	–	–	2,754,647	2,754,647
At 31 December 2021	181,190,804	(13,660,787)	24,568,449	192,098,466
Total comprehensive loss for the financial year	–	–	(1,752,926)	(1,752,926)
At 31 December 2022	181,190,804	(13,660,787)	22,815,523	190,345,540

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM	2021 RM
Cash flows from operating activities			
(Loss)/Profit before tax		(610,919)	4,211,547
Adjustments for:			
Effect of revision of estimated receipt of amount due from subsidiary companies		2,976,849	1,921,023
Impairment loss on amount due from a subsidiary company		1,784,116	2,066,475
Income from short term investments		(129,296)	(148,258)
Interest expense		2,572,889	488,640
Interest income from banks		(49,040)	(26,494)
Interest income from subsidiary companies		(7,452,384)	(6,788,077)
Reversal of impairment loss on investment in a subsidiary company		–	(2,633,096)
Operating loss before changes in working capital		(907,785)	(908,240)
Changes in working capital:			
Deposit and prepayment		5,619	(1,498)
Other payables and accruals		34,766	(101,763)
Net cash used in operations		(867,400)	(1,011,501)
Income tax paid		(1,314,069)	(1,712,527)
Interest received		7,501,424	6,814,571
Net cash from operating activities		5,319,955	4,090,543
Cash flows from investing activities			
Subscription of ordinary shares in a subsidiary company		–	(4,999,998)
Proceeds from disposal of short term investments		7,000,000	2,000,000
Advances to subsidiary companies		(12,658,807)	(14,580,783)
Fixed deposits pledged		(19,886)	–
Net cash used in investing activities		(5,678,693)	(17,580,781)

STATEMENT OF CASH FLOWS
(CONT'D)

	Note	2022 RM	2021 RM
Cash flows from financing activities	(a)		
Interest paid		(2,572,889)	(488,640)
Net drawdown of revolving credits		16,726,393	20,215,495
Repayment to subsidiary companies		(16,555,202)	(4,887,124)
Net cash (used in)/from financing activities		(2,401,698)	14,839,731
Net (decrease)/increase in cash and cash equivalents		(2,760,436)	1,349,493
Cash and cash equivalents at the beginning of the financial year		(931,950)	(2,281,443)
Cash and cash equivalents at the end of the financial year		(3,692,386)	(931,950)
Analysis of cash and cash equivalents			
Fixed deposits placed with licensed banks	17	3,168,370	3,148,484
Cash and bank balances	18	2,819	115,012
		3,171,189	3,263,496
Less:			
Bank overdrafts	21	(3,695,205)	(1,046,962)
Fixed deposits pledged with licensed banks	17	(3,168,370)	(3,148,484)
		(3,692,386)	(931,950)

(a) Reconciliation of liabilities arising from financing activities

Changes in liabilities arising from financing activities are changes arising from cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Crest Builder Holdings Berhad ("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 registered office of the Company is located at 62-2, Jalan 2A/27A, Section 1, Wangsa Maju, 53300 Kuala Lumpur.

The principal place of business of the Company is located at Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.

The Company is principally engaged as an investment holding company. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 March 2023.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2023#
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be relevant to the Group and the Company are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

In another amendments, an entity is required to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

(c) The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiary companies and business combination

Subsidiary companies are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiary companies are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7 to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiary companies and business combination (Cont'd)

Upon the loss of control of a subsidiary company, the Group derecognises the assets and liabilities of the former subsidiary company, any non-controlling interests and the other components of equity related to the former subsidiary company from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary company, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiary companies is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiary companies are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when, and only when, their business models for managing those assets change.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss ("FVPL")**

  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition if, and only if, the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability at fair value through profit or loss.

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (Cont'd)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or

(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(d) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

The building-in-progress of the Group relates to properties under construction.

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

Subsequent to initial recognition, property, plant and equipment, except for freehold land and building-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost less any accumulated impairment losses.

(b) Subsequent costs

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

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Building-in-progress is stated at cost unless in the opinion of the directors, there is a permanent diminution in value. Depreciation on building-in-progress commences when the asset is ready for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (Cont'd)

(c) Depreciation (Cont'd)

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives. The depreciable amount is determined after deducting the residual value. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Buildings	2 – 20%
Equipment, furniture and fittings	10 – 33%
Tools and equipment	12 – 20%
Motor vehicles	20%
Plant and machineries	20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate 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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(d) Derecognition

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

3.5 Leases

(a) Definition of lease

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

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (Cont'd)

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 5 to the financial statements and lease liabilities in Note 21 to the financial statements.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. 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. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Lease liability

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments), less any lease incentives.

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

The Group and the Company remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or for both.

Investment properties are initially measured at 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 recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Alternatively, the fair value of the investment properties is performed by using discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or for both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.7 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Operating financial asset

The Group constructs or upgrade infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in public-to-private service concession arrangement for its entire concession period. Under the concession arrangement, the grantor controls the significant residual interest in the infrastructure at the end of the concession period.

The Group accounts for its service concession arrangement under the financial asset model. The financial asset model is used when the Group has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is recognised at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest income on that amount is calculated using the effective interest method.

Any asset carried under concession arrangement using financial asset model is derecognised when the contractual rights to the financial asset expire.

3.9 Inventories

Inventories comprising properties held for sale are measured at the lower of cost and net realisable value.

<u>Completed properties</u>

Cost of unsold completed properties comprises costs associated with the acquisition of land, direct development costs and appropriate proportions of common costs.

<u>Land held for development</u>

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Cost includes cost of land and attributable development expenditures.

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

<u>Property under development</u>

Cost includes:

- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits (other than deposits pledged with licensed banks). Cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance as follows:

(i) General 3-stage approach for other receivables, fixed deposits and bank balances

At each reporting date, the Group and the Company measure loss allowance at an amount equal to credit losses that result from default events that are possible within the next 12-months ("12-month ECL") if credit risk on a financial instrument has not increased significantly since initial recognition.

For other financial instruments, a loss allowance at an amount equal to credit losses over the remaining life of the exposure ("lifetime ECL") is required.

(ii) Simplified approach for trade receivables, contract assets and lease receivables

The Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime ECL at each reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired may include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill that has an indefinite useful life, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its 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 or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group measures revenue from sale of goods or services at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as goods and services tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the expected cost plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the goods or services underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

<u>Financing components</u>

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing component if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue and other income (Cont'd)

(a) Construction contracts

The Group constructs commercial, residential and industrial properties under long term contracts with customers. Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the commercial, residential and industrial properties is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. 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 a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Billings are made with a credit term of 30 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers for construction of commercial, residential and industrial properties based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

Defect liability period is usually 24 months from the date of Certificate of Practical Completion as provided in the contracts with customers.

(b) Property development

The Group develops and sells residential and commercial properties. Contracts with customers may include multiple distinct promises to customers and therefore accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost plus margin approach.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. 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 a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

Revenue from sale of completed properties is recognised at a point in time when the control of the properties has been transferred to the customers.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue and other income (Cont'd)

(b) Property development (Cont'd)

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

Based on the Group's customary business practice, the customers' legal fees are borne by the Group. Revenue is recognised based on the transaction price agreed in the contracts, net of the customers' legal fees.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision, if determined to be significant.

(c) Maintenance income

Revenue is recognised over time using time elapsed (output method) to measure progress towards complete satisfaction of the service because the customer simultaneously receives and consumes the benefits provided by the Group.

Sales are made with a credit term of 30 days.

(d) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

(e) Finance income from concession contract

Finance income from concession contract is recognised as it accrues using the effective interest method in profit or loss. The notional interest income resulting from the accretion of its financial asset using effective interest method is recognised in the profit or loss.

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Income from short term investments

Income from short term investments is recognised when the right to receive payment is established.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employee benefits

(a) Short term employee benefits

Short term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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

3.17 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income tax (Cont'd)

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.6 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Income tax (Cont'd)

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax, except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales and services tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for treasury shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Operating segment

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

3.20 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Fair value measurements (Cont'd)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.21 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.22 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met:

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates, i.e. in accordance with the pattern of transfer of goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(c) Impairment

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(a) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less

(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* and MFRS 138 *Intangible Assets*. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 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 an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the financial year. It also requires the directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

4.1 Fair value of investment properties (Note 6)

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in estimating the fair value which may be derived based on different valuation methods determined to be appropriate and the use of key assumptions. In making the judgement, the Group engaged an independent accredited valuer to determine the fair value as at end of the reporting period.

The valuation methods adopted by the valuer include comparison method, being comparison of transacted prices in an active market for similar properties in close proximity and where necessary, adjusting for location, accessibility, time, size, tenure, market uncertainty and other differences. Judgement is made in determining the key assumptions used in the valuations. Any changes in these assumptions will have an impact on the carrying amounts of the investment properties.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

4.2 Impairment of investment in subsidiary companies (Note 7)

The Company assesses its investment in subsidiary companies at the end of the reporting period for any objective evidence that the investment may be impaired. For the purpose of assessing impairment, the Company determines its share of the present value of the estimated future cash flows expected to be generated by the subsidiary companies. In estimating the present value of the estimated cash flows, the Company applies a suitable discount rate and make assumptions underlying the cash flow projections which include future revenue, gross profit margin and operating expenses.

4.3 Impairment of goodwill (Note 10)

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash-generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rate to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including future revenue, gross profit margin and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

4.4 Impairment of receivables and contract assets (Notes 13 and 15)

The impairment provisions for receivables and contract assets are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting inputs to the expected credit losses ("ECL") calculation, based on the Group's past history, existing market conditions, forward-looking estimates at the end of each reporting period, as well as legal opinion.

The assessment of the correlation between historical observed default rates, forward-looking estimates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the receivables and contract assets. The Group's assessment of the indicators, historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

4.5 Construction revenue (Note 23)

The Group recognised construction revenue in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as potential exposure to liquidated and ascertained damages. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Tools and equipment RM	Motor vehicles RM	Plant and machineries RM	Building-in-progress RM	Right-of-use assets RM	Total RM
2022									
Cost									
At 1 January	3,044,094	21,794,550	7,754,533	1,265,798	3,178,562	10,287,873	–	21,255,301	68,580,711
Additions	–	–	259,955	3,648,679	–	881,500	958,250	101,935	5,850,319
Reclassifications	–	–	–	–	–	5,658,500	–	(5,658,500)	–
At 31 December	3,044,094	21,794,550	8,014,488	4,914,477	3,178,562	16,827,873	958,250	15,698,736	74,431,030
Accumulated depreciation									
At 1 January	–	5,645,235	6,934,263	1,099,949	2,788,708	9,039,536	–	9,834,115	35,341,806
Depreciation for the financial year	–	355,368	301,168	824,551	344,559	544,515	–	4,433,152	6,803,313
Reclassifications	–	–	–	–	–	5,503,241	–	(5,503,241)	–
At 31 December	–	6,000,603	7,235,431	1,924,500	3,133,267	15,087,292	–	8,764,026	42,145,119
Carrying amount									
At 31 December 2022	3,044,094	15,793,947	779,057	2,989,977	45,295	1,740,581	958,250	6,934,710	32,285,911

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Buildings RM	Equipment, furniture and fittings RM	Tools and equipment RM	Motor vehicles RM	Plant and machineries RM	Building-in-progress RM	Right-of-use assets RM	Total RM
2021									
Cost									
At 1 January	3,044,094	21,794,550	8,078,672	2,767,810	2,844,128	7,557,594	2,215,660	14,828,693	63,131,201
Additions	–	–	81,933	–	–	796,279	876,700	8,980,001	10,734,913
Reclassifications	–	–	–	–	588,393	1,965,000	(3,092,360)	(2,553,393)	(3,092,360)
Disposals	–	–	–	–	(251,306)	–	–	–	(251,306)
Written off	–	–	(406,072)	(1,502,012)	(2,653)	(31,000)	–	–	(1,941,737)
At 31 December	3,044,094	21,794,550	7,754,533	1,265,798	3,178,562	10,287,873	–	21,255,301	68,580,711
Accumulated depreciation									
At 1 January	–	5,042,354	6,935,830	2,532,601	2,240,782	6,688,866	–	8,624,112	32,064,545
Depreciation for the financial year	–	602,881	404,505	69,360	305,180	497,420	–	3,590,958	5,470,304
Reclassifications	–	–	–	–	496,705	1,884,250	–	(2,380,955)	–
Disposals	–	–	–	–	(251,306)	–	–	–	(251,306)
Written off	–	–	(406,072)	(1,502,012)	(2,653)	(31,000)	–	–	(1,941,737)
At 31 December	–	5,645,235	6,934,263	1,099,949	2,788,708	9,039,536	–	9,834,115	35,341,806
Carrying amount									
At 31 December 2021	3,044,094	16,149,315	820,270	165,849	389,854	1,248,337	–	11,421,186	33,238,905

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Equipment, furniture and fittings RM
2022	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount	
At 31 December 2022	–
2021	
Cost	
At 1 January/31 December	14,465
Accumulated depreciation	
At 1 January/31 December	14,465
Carrying amount	
At 31 December 2021	–

(a) Assets pledged as security

Included in buildings are office units with a total carrying amount of RM15,154,596 (2021: RM15,484,044) pledged for credit facilities granted to the Company as disclosed in Note 21(d) to the financial statements.

The right-of-use assets are pledged as security for the related lease liabilities as disclosed in Note 21(c) to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) Right-of-use assets

Information about leases for which the Group is a lessee is presented below:

Group	Equipment, furniture and fittings RM	Motor vehicles RM	Plant and machineries RM	Total RM
Carrying amount				
At 1 January 2021	–	209,366	5,995,215	6,204,581
Additions	8,980,001	–	–	8,980,001
Depreciation	(625,220)	(117,678)	(2,848,060)	(3,590,958)
Reclassifications	–	(91,688)	(80,750)	(172,438)
At 31 December 2021	8,354,781	–	3,066,405	11,421,186
At 1 January 2022	8,354,781	–	3,066,405	11,421,186
Additions	–	101,935	–	101,935
Depreciation	(2,963,400)	(11,892)	(1,457,860)	(4,433,152)
Reclassifications	–	–	(155,259)	(155,259)
At 31 December 2022	5,391,381	90,043	1,453,286	6,934,710

The above assets under hire purchase arrangement with lease terms of 3 to 5 years (2021: 3 to 5 years) and options to purchase at the end of the lease term.

6. INVESTMENT PROPERTIES

	Group 2022 RM	Group 2021 RM
At fair value:		
At 1 January	276,327,612	276,327,612
Net loss arising from fair value changes	(1,000,000)	–
At 31 December	275,327,612	276,327,612

(a) Included in the investment properties are:

	Group 2022 RM	Group 2021 RM
At fair value:		
Buildings on freehold land	175,800,000	176,800,000
Buildings on leasehold land	99,527,612	99,527,612
At 31 December	275,327,612	276,327,612

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. INVESTMENT PROPERTIES (CONT'D)

(b) The following are recognised in profit or loss in respect of income generating investment properties:

	Group	
	2022 **RM**	**2021** **RM**
Rental income	8,155,779	6,749,119
Direct operating expenses	(5,719,930)	(5,331,709)

(c) Investment properties of the Group with a total fair value of RM254,105,612 (2021: RM255,105,612) are pledged for credit facilities granted to the Group as disclosed in Note 21(d) to the financial statements.

(d) The investment properties, which comprise commercial properties including office, retails, shoplots, and car parks, are stated at fair value. Valuations are performed by an independent accredited valuer as at 31 December 2022 and 31 December 2021. The fair value of the investment properties has been determined using the comparison method.

(e) Fair value of investment properties is categorised as follows:

Group	**Level 3** **RM**
2022	
Office, retails, shoplots and car parks	275,327,612
2021	
Office, retails, shoplots and car parks	276,327,612

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group	
	2022 **RM**	**2021** **RM**
At 1 January	276,327,612	276,327,612
Loss recognised in profit or loss (Note 27)	(1,000,000)	–
At 31 December	275,327,612	276,327,612

During the financial year, the loss is recognised within other expense line in profit or loss of the Group.

6. INVESTMENT PROPERTIES (CONT'D)

(e) Fair value of investment properties is categorised as follows (Cont'd):

Level 3 fair value (Cont'd)

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Property type	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Buildings	Comparison method	Price per square feet RM276-RM1,006 (2021: RM292-RM1,006)	The higher/lower the price per square feet, the higher/lower the fair value
Car parks	Comparison method	Price per bay RM23,000-RM33,600 (2021: RM23,000-RM33,600)	The higher/lower the price per bay, the higher/lower the fair value

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between levels

There were no transfers within the fair value measurement hierarchy during the financial years ended 31 December 2022 and 31 December 2021.

Highest and best use

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2022 RM	Company 2021 RM
At cost		
Unquoted shares	111,365,268	111,365,268
Less: Allowance for impairment loss	(1,000,000)	(1,000,000)
	110,365,268	110,365,268

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The movement in allowance for impairment of investment in subsidiary companies is as follows:

	Company	
	2022 RM	2021 RM
At 1 January	1,000,000	3,633,096
Reversal during the financial year	–	(2,633,096)
At 31 December	1,000,000	1,000,000

The recoverable amount was determined based on value-in-use applying pre-tax discount rate of 12% (2021: 15%).

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows:

Name of companies	Effective ownership interest and voting interest 2022 %	 2021 %	Principal activities
Direct subsidiary companies			
3 Two Square Sdn. Bhd.	100	100	Property investment and property development
CB Land Sdn. Bhd.	100	100	Property investment and property development
CBTech (M) Sdn. Bhd.	100	100	Mechanical and electrical engineering services
Crest Builder International Sdn. Bhd. (Note 7(a))	100	100	Investment holding
Crest Builder Sdn. Bhd.	100	100	Construction
CB Infrastructure Sdn. Bhd.	100	100	Construction
Damansara One Sdn. Bhd.	100	100	Property investment and property development
Nepfield Sdn. Bhd.	100	100	Property investment and property development

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies, all of which are incorporated in Malaysia are as follows (Cont'd):

Name of companies	Effective ownership interest and voting interest 2022 %	2021 %	Principal activities
Direct subsidiary companies			
Vertical Success Sdn. Bhd.	100	100	Property investment and property development
Jalur Elit Sdn. Bhd.	100	100	Property investment and property development
Held through Crest Builder Sdn. Bhd.			
Crestland Development Sdn. Bhd.	100	100	Property investment and property development
Landasan Bayu Sdn. Bhd.	51	51	Property investment and property development
Held through Crest Builder International Sdn. Bhd.			
Unitapah Sdn. Bhd.	51	51	Concession holder
Intan Sekitar Sdn. Bhd. (Note 7(b))	100	100	Property investment and property development
K L Waterfront Development Sdn. Bhd.	51	51	Property investment and property development

(a) In the previous financial year, the Company subscribed for additional 4,999,998 ordinary shares for a cash consideration of RM4,999,998, representing 100% of total issued and paid-up share capital of Crest Builder International Sdn. Bhd. ("CBISB").

(b) In the previous financial year, CBISB, a wholly-owned subsidiary company of the Company purchased an additional 49% equity interest (representing 122,500 ordinary shares) in Intan Sekitar Sdn. Bhd. ("ISSB"), a subsidiary company of the Group. CBISB's effective ownership in ISSB increased from 51% to 100% as a result of the additional shares purchased.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiary companies

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows:

	2022		
	Unitapah Sdn. Bhd. RM	**Other immaterial subsidiary companies RM**	**Total RM**
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	24,284,765	193,626	24,478,391
Profit/(Loss) allocated to NCI	2,658,087	(11,695)	2,646,392

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM
Summarised statement of financial position as at 31 December 2022	
Non-current assets	375,683,566
Current assets	78,483,985
Non-current liabilities	(359,782,217)
Current liabilities	(40,824,589)
Net assets	53,560,745
Summarised statement of comprehensive income for the financial year ended 31 December 2022	
Revenue	43,760,869
Profit for the financial year	5,424,667
Total comprehensive income	5,424,667
Summarised cash flows information for the financial year ended 31 December 2022	
Cash from operating activities	44,794,826
Cash from investing activities	761,880
Cash used in financing activities	(45,453,907)
Net increase in cash and cash equivalents	102,799
Dividends paid to NCI	–

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Non-controlling interests in subsidiary companies (Cont'd)

The financial information of the Group's subsidiary companies that have non-controlling interests ("NCI") are as follows (Cont'd):

	2021		
	Unitapah Sdn. Bhd. RM	**Other immaterial subsidiary companies RM**	**Total RM**
NCI percentage of ownership interest and voting interest	49%	49%	
Carrying amount of NCI	21,626,678	205,321	21,831,999
Profit/(Loss) allocated to NCI	1,440,847	(7,787)	1,433,060

Summarised financial information before intra-group elimination:

	Unitapah Sdn. Bhd. RM
Summarised statement of financial position as at 31 December 2021	
Non-current assets	389,148,123
Current assets	77,098,849
Non-current liabilities	(379,368,369)
Current liabilities	(38,742,525)
Net assets	48,136,078
Summarised statement of comprehensive income for the financial year ended 31 December 2021	
Revenue	45,662,375
Profit for the financial year	2,940,504
Total comprehensive income	2,940,504
Summarised cash flows information for the financial year ended 31 December 2021	
Cash from operating activities	43,251,445
Cash used in investing activities	(470,062)
Cash used in financing activities	(46,631,506)
Net decrease in cash and cash equivalents	(3,850,123)
Dividends paid to NCI	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. GOLF CLUB MEMBERSHIP

	Group 2022 RM	Group 2021 RM
At cost		
At 1 January/31 December	54,000	54,000

9. INVENTORIES

	Group 2022 RM	Group 2021 RM
Non-current:		
Land held for development		
- Freehold land	–	55,000,000
- Development costs	18,301,691	27,377,546
	18,301,691	82,377,546
Current:		
Property under development		
- Freehold land	55,000,000	–
- Leasehold land	149,875,685	217,807,293
- Development costs	72,641,774	52,830,712
Completed properties	24,764,702	26,405,944
	302,282,161	297,043,949
	320,583,852	379,421,495

(a) The Group's cost of inventories recognised as an expense in cost of sales during the financial year amounted to RM1,638,876 (2021: RM2,372,655).

(b) Freehold land is pledged as security to secure a term loan granted to the Group as disclosed in Note 21(a) to the financial statements.

(c) Completed properties of RM13,159,864 (2021: RM13,159,864) are pledged to financial institutions for credit facilities as disclosed in Note 21(d) to the financial statements.

(d) Included in inventories are borrowing costs capitalised during the financial year amounting to RM2,149,068 (2021: RM1,412,433).

(e) During the financial year, the Group entered into a supplementary agreement that resulted in a revision of the development rights with respect to a leasehold land and the related total estimated payment owing to the landowner as disclosed in Note 22(a) to the financial statements.

10. GOODWILL

(a) Allocation of goodwill to cash-generating units ("CGUs")

Goodwill arising from business combination is allocated to the following Group's CGUs, representing the lowest level within the Group at which the goodwill is monitored for internal management purpose.

The carrying amount of goodwill allocated to the CGU is as follows:

	Construction RM	Investment holding RM	Property development RM	Total RM
2022	23,613,409	32,988	13,383	23,659,780
2021	23,613,409	32,988	13,383	23,659,780

(b) Impairment test of goodwill

The goodwill allocated to investment holding and property development segments are not significant in comparison with the Group's total carrying amount of goodwill.

The recoverable amount of the Construction CGU has been determined based on value-in-use calculation using cash flow projections based on financial forecasts approved by the directors for the next five years (2021: next five years). Cash flows beyond 5-year period are extrapolated with no assumed growth rate.

The values assigned to key assumptions represent the Group's assessment of future trends of the industry and are based on both external and internal sources of information. The following describes each key assumption which the directors have used in the cash flows projections for the purposes of impairment testing of goodwill:

(i) Discount rate – based on the industry weighted average cost of capital of the CGU. The discount rate of 12% (2021: 15%) applied to the cash flow projections is pre-tax and reflects estimate of the risk specific to the CGU at the date of assessment.

(ii) Revenue – based on management's estimation taking into consideration secured contracts and anticipated future projects/contracts.

(iii) Gross margin – based on past experience, industry trend and projected gross margin.

As at 31 December 2022, with regard to the assessment of value-in-use of the CGU, the directors believe that there was no reasonably possible change in key assumptions that would cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. OPERATING FINANCIAL ASSET

	Group	
	2022	**2021**
	RM	**RM**
Non-current	257,300,285	269,736,029
Current	12,433,825	11,048,836
	269,734,110	280,784,865

The Group had entered into a concession agreement with the Government of Malaysia and Universiti Teknologi MARA ("UiTM") on 4 May 2010 to design, develop, construct the Facilities and Infrastructure and to perform the maintenance works for a period of 23 years comprising 3 years of construction works and 20 years of maintenance works ("Maintenance Period"). Upon expiry of the concession period, the Group is required to handover the Facilities and Infrastructure at no cost to UiTM, except for fair wear and tear, in a well-maintained condition.

UiTM will pay the Group throughout the Maintenance Period concession charges which comprise availability charges for the availability of the facilities and infrastructure and maintenance charges for the provision of maintenance works in accordance with the provisions of the concession agreement. The Group and UiTM may make request in writing for the review of the maintenance charges at the interval of every five years after the maintenance commencement date, subject to the Government's approval.

The operating financial asset represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. It carries an imputed interest rate of 11.85% (2021: 11.85%) per annum and is repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession agreement.

12. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets/(liabilities) relates to the following:

	At 1 January 2021 RM	**Recognised in profit or loss RM**	**At 31 December 2021 RM**	**Recognised in profit or loss RM**	**At 31 December 2022 RM**
Group					
Deferred tax assets					
Property development cost	7,591,487	1,827,418	9,418,905	1,531,057	10,949,962
Unabsorbed capital allowances	14,569,396	(3,660,958)	10,908,438	580,040	11,488,478
Unutilised tax losses	14,773,483	10,902,591	25,676,074	1,842,001	27,518,075
Deductible temporary difference in respect of expenses	–	–	–	2,280,364	2,280,364
Provisions	71,118	(24,819)	46,299	(13,293)	33,006
Deferred rental income	30,063	(4,298)	25,765	14,172	39,937
	37,035,547	9,039,934	46,075,481	6,234,341	52,309,822

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets/(liabilities) relates to the following (Cont'd):

	At 1 January 2021 RM	Recognised in profit or loss RM	At 31 December 2021 RM	Recognised in profit or loss RM	At 31 December 2022 RM
Deferred tax liabilities					
Property, plant and equipment	(74,982)	36,240	(38,742)	(94,739)	(133,481)
Investment properties	(9,347,289)	–	(9,347,289)	172,356	(9,174,933)
Operating financial asset	(33,016,957)	(2,103,588)	(35,120,545)	(1,808,978)	(36,929,523)
	(42,439,228)	(2,067,348)	(44,506,576)	(1,731,361)	(46,237,937)
	(5,403,681)	6,972,586	1,568,905	4,502,980	6,071,885

	Group 2022 RM	2021 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	41,164,732	35,731,416
Deferred tax liabilities	(35,092,847)	(34,162,511)
	6,071,885	1,568,905

The deferred tax assets are recognised based on projected future taxable profits of the subsidiary companies from construction and property development projects to the extent that it is probable that the profit will be available against which the temporary differences can be utilised.

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiary companies in Malaysia are subject to requirements under the Income Tax Act 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM	2021 RM
Deductible temporary differences	22,484,999	23,193,563
Unutilised tax losses	9,695,647	9,443,322
	32,180,646	32,636,885

Pursuant to Section 8 of the Finance Act 2021 (Act 833), the amendment to Section 44(5F) of Income Tax Act 1967, the time limit on the carried forward unused tax losses has been extended to maximum 10 consecutive years. This amendment is deemed to have effect for the year of assessment 2019 and subsequent year of assessment.

Any unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessments 2019 to 2028).

The unutilised tax losses are available for offset against future taxable profits of subsidiary companies up to the following financial years:

	Group	
	2022 RM	2021 RM
2029	2,060,521	2,060,521
2030	4,648,304	5,065,977
2031	2,156,533	2,316,824
2032	830,289	–
	9,695,647	9,443,322

13. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM
Trade	(a)		
Trade receivables from contract with customers		91,669,017	70,346,946
Retention sums from contract with customers		59,411,359	54,306,528
		151,080,376	124,653,474
Less: Allowance for impairment losses		(22,605,807)	(24,018,781)
		128,474,569	100,634,693
Non-trade	(b)		
Other receivables		81,965,888	76,000,046
Less: Allowance for impairment losses		(20,658,544)	(18,635,352)
		61,307,344	57,364,694
Advances made to suppliers and sub-contractors		2,659,493	3,069,239
Deposits		5,224,708	8,305,681
Prepayments		1,331,953	1,757,766
		70,523,498	70,497,380
Total trade and other receivables		198,998,067	171,132,073

(a) Trade

Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 7 to 90 days (2021: 7 to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Retention sum is receivable upon the expiry of defect liability period as provided in the contracts with customers.

Included in the trade receivables and retention sums of the Group are amounts of RM14,749,849 (2021: RM14,749,849) due from a customer with contract under dispute. The dispute involves a subsidiary company of the Company, Crest Builder Sdn. Bhd. ("CBSB") which was employed by the customer as the main contractor to complete a project. Due to, amongst others, the failure by the customer to make timely payment to CBSB, CBSB contended that the customer had repudiated the contract and thereby, terminating the contract by accepting the repudiation in September 2011. Subsequently, the customer issued a Notice of Reference of Arbitration on 8 May 2012 to refer the dispute to arbitration.

The customer is claiming against CBSB the total sum of RM94,685,625 including liquidated damages of RM6,580,000. However, CBSB contested all of the customer's claims and in turn counterclaims against the customer for the sum of RM31,084,049 and interest thereon and costs. The hearings for the arbitration were concluded on 1 July 2022 and the final written submission were delivered on 3 October 2022. The delivery of the award by the Tribunal is anticipated to be given in the first half of 2023.

No allowance for impairment or provision for liabilities has been made in the financial statements of the Group as the directors have been advised by their solicitor that CBSB has a reasonable prospect of success in this claim and in resisting the customer's claim.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Non-trade

Included in other receivables of the Group are amounts of RM44,100,000 (2021: RM44,100,000) due from certain non-controlling shareholder of subsidiary companies which are non-trade in nature and interest free.

Included in deposits is an amount of RM3,000,000 (2021: RM2,000,000) placed with Prasarana Malaysia Berhad for the development project prior to the fulfilment of condition precedents as stated in the agreement. Once the condition precedents are fulfilled, the amount will be recognised as land cost in inventories.

14. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

	Company	
	2022 RM	2021 RM
Non-current:		
Amount due from subsidiary companies	175,236,243	162,104,961
Less: Allowance for impairment losses	(7,174,759)	(2,779,646)
Total amount due from subsidiary companies (non-current)	168,061,484	159,325,315
Current:		
Amount due from subsidiary companies	8,562,141	12,011,465
Less: Allowance for impairment losses	(1,031,001)	(3,641,998)
Total amount due from subsidiary companies (current)	7,531,140	8,369,467
Total amount due from subsidiary companies (non-current and current)	175,592,624	167,694,782
Amount due to subsidiary companies	(59,254,615)	(75,809,817)

The amount due from subsidiary companies is non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash, except for an amount of RM103,867,716 (2021: RM93,035,470) which bears an effective interest rate at 8.14% (2021: 7.14%) per annum.

The non-current amount due from subsidiary companies is not expected to be settled within the next twelve months and includes an amount of RM71,368,527 (2021: RM69,069,491) measured at amortised cost at imputed rate of 8.14% (2021: 7.14%) per annum.

The amount due to subsidiary companies are non-trade in nature, unsecured, interest free, repayable on demand and is expected to be settled in cash.

15. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2022 RM	**2021 RM**
Contract assets relating to construction service contracts	39,758,012	35,866,201
Contract liabilities relating to concession contract	(14,464,271)	(14,130,547)
Contract liabilities relating to construction service contracts	(911,261)	(1,086,419)
Total contract liabilities	(15,375,532)	(15,216,966)

Included in contract assets of the Group is an amount of RM16,334,200 (2021: RM16,334,200) relating to a contract under dispute with a customer as disclosed in Note 13(a) to the financial statements.

Contract liabilities relating to concession contract represent fund contributed by a customer for the purpose of periodic major repairs or capital replacements for the Facilities and Infrastructure of UiTM Campus which will be incurred in the following financial years.

Significant changes in contract balances

	2022		2021	
Group	**Contract assets Increase/ (Decrease) RM**	**Contract liabilities Increase/ (Decrease) RM**	**Contract assets Increase/ (Decrease) RM**	**Contract liabilities Increase/ (Decrease) RM**
Revenue recognised that was included in contract liabilities at the beginning of the financial year	–	2,918,872	–	4,220,972
Increase due to progress billings and cash received, but revenue not recognised	–	(3,077,438)	–	(3,349,767)
Increase due to unbilled revenue recognised during the year	17,231,707	–	9,088,130	–
Transfers from contract assets recognised at the beginning of the year to receivables	(13,339,896)	–	(50,553,340)	–
Reversal of impairment loss on contract assets	–	–	680,580	–

16. SHORT TERM INVESTMENTS

The short term investments are in respect of investment in quoted unit trust funds placed with fund management companies and are redeemable with one day notice.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. FIXED DEPOSITS PLACED WITH LICENSED BANKS

(a) The fixed deposits placed with licensed banks of the Group and of the Company earn interest at rates ranging from 1.08% to 2.70% (2021: 0.87% to 1.75%) and 1.08% (2021: 0.87%) per annum respectively.

(b) Included in fixed deposits of the Group are:

(i) an amount of RM Nil (2021: RM31,512), which is pledged for the purpose as a guarantee for performance bonds issued in favour of third parties in respect of projects undertaken by a subsidiary company;

(ii) an amount of RM47,641,425 (2021: RM46,071,270), which is part of security arrangements of Sukuk Murabahah, and therefore restricted from general use of the Group; and

(iii) an amount of RM1,630,000 (2021: RM1,630,000), which is pledged for the purpose for term loan facility granted to a subsidiary company as disclosed in Note 21(a) to the financial statements.

(c) Included in fixed deposits of the Group and of the Company are deposits amounting to RM3,168,370 (2021: RM3,148,484) respectively, which are pledged for the purpose as a debt services reserve for revolving credits and bank overdrafts of the Group and of the Company as disclosed in Note 21(d) to the financial statements.

18. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

(a) an amount of RM9,037 (2021: RM3,692,536), which is part of security arrangements of Sukuk Murabahah, and therefore restricted from general use of the Group;

(b) an amount of RM466,179 (2021: RM462,160), which is held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 in Malaysia and therefore restricted from general use of the Group; and

(c) an amount of RM102 (2021: RM102), which is maintained in an escrow account.

19. SHARE CAPITAL

	Group and Company			
	2022		2021	
	Number of ordinary shares Unit	RM	Number of ordinary shares Unit	RM
Issued and fully paid up (no par value):				
At 1 January/31 December	176,921,657	181,190,804	176,921,657	181,190,804

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

20. TREASURY SHARES

As at 31 December 2022, the Group and the Company held 14,814,100 (2021: 14,814,100) treasury shares out of its 176,921,657 issued and paid-up ordinary shares.

The directors of the Company are committed to enhance the value of the Company and its shareholders and believe that the share repurchase plan can be executed in the best interests of the Company and its shareholders.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

The share repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

21. LOANS AND BORROWINGS

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Non-current:					
Term loan	(a)	24,100,000	38,500,000	–	–
Sukuk Murabahah	(b)	288,750,006	311,521,791	–	–
Lease liabilities	(c)	4,387,802	7,059,860	–	–
		317,237,808	357,081,651	–	–
Current:					
Term loan	(a)	14,400,000	–	–	–
Sukuk Murabahah	(b)	22,771,785	22,571,747	–	–
Lease liabilities	(c)	2,786,867	3,271,037	–	–
Bankers' acceptances	(d)	56,123,000	35,931,920	–	–
Revolving credits	(d)	99,448,853	82,637,166	36,941,888	20,215,495
Bank overdrafts	(d)	44,258,541	30,588,456	3,695,205	1,046,962
		239,789,046	175,000,326	40,637,093	21,262,457
Total loans and borrowings:					
Term loan	(a)	38,500,000	38,500,000	–	–
Sukuk Murabahah	(b)	311,521,791	334,093,538	–	–
Lease liabilities	(c)	7,174,669	10,330,897	–	–
Bankers' acceptances	(d)	56,123,000	35,931,920	–	–
Revolving credits	(d)	99,448,853	82,637,166	36,941,888	20,215,495
Bank overdrafts	(d)	44,258,541	30,588,456	3,695,205	1,046,962
		557,026,854	532,081,977	40,637,093	21,262,457

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. LOANS AND BORROWINGS (CONT'D)

(a) Term loan

	Group 2022 RM	Group 2021 RM
Current		
- Not later than one year	14,400,000	–
Non-current		
- Later than one year but not later than two years	19,200,000	–
- Later than two years but not later than five years	4,900,000	38,500,000
	24,100,000	38,500,000
	38,500,000	38,500,000

The term loan of a subsidiary company of RM38,500,000 (2021: RM38,500,000) bears interest of 4.81% (2021: 3.66%) per annum and is repayable by monthly instalments of RM1,600,000 over two years commencing from the first day of 37th month from the day of first drawdown and is secured as follows:

(i) First party legal charge over property under development (2021: land held for development) as disclosed in Note 9(b) to the financial statements;

(ii) Legal charge and assignment over the designated accounts;

(iii) Assignment of all relevant insurance/takaful policies to be taken for a project undertaken by a subsidiary company;

(iv) Assignment of a subsidiary company's right and benefits arising from the construction contracts and contractor's performance bond in favour of the subsidiary company in respect of a project undertaken by the subsidiary company;

(v) Charge over the monies in the fixed deposits as disclosed in Note 17(b)(iii) to the financial statements; and

(vi) Corporate guarantee by the Company.

21. LOANS AND BORROWINGS (CONT'D)

(b) Sukuk Murabahah

On 12 December 2014, Unitapah Sdn. Bhd. issued a sukuk facility based on the Shariah principles of Murabahah via a Tawarruq arrangement ("Sukuk Murabahah") of RM510 million in nominal value. The remaining tenure of the sukuk ranges from 0.5 to 11.5 years (2021: 0.5 to 12.5 years) with profit rate ranging from 5.44% to 6.33% (2021: 5.73% to 6.15%) per annum over nominal value.

	Group	
	2022	**2021**
	RM	**RM**
Current		
- not later than one year	22,771,785	22,571,747
Non-current		
- later than one year but not later than two years	22,968,211	22,771,785
- later than two years but not later than five years	75,125,147	74,501,047
- more than five years	190,656,648	214,248,959
	288,750,006	311,521,791
	311,521,791	334,093,538

The Sukuk Murabahah is secured by the following:

(i) Debenture evidencing a fixed and floating charge over a subsidiary company's present and future assets;

(ii) First ranking charge and assignment of the designated accounts and the credit balances therein; and

(iii) First ranking assignment of takaful policies, if any, in relation to the concession agreement with the security trustee designated as loss payee/mortgagee.

(c) Lease liabilities

Lease liabilities bear implicit interest rates ranging from 2.80% to 3.40% (2021: 2.80% to 3.40%) per annum.

Future minimum lease payments under hire purchase together with the present value of net minimum lease payments are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Minimum lease payments:		
- not later than one year	3,160,459	3,801,659
- later than one year but not later than five years	4,626,005	7,693,387
	7,786,464	11,495,046
Less:		
Future finance charges	(611,795)	(1,164,149)
Present value of minimum lease payments	7,174,669	10,330,897

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. LOANS AND BORROWINGS (CONT'D)

(c) Lease liabilities (Cont'd)

	Group	
	2022 **RM**	**2021** **RM**
Present value of minimum lease payments:		
- not later than one year	2,786,867	3,271,037
- later than one year but not later than five years	4,387,802	7,059,860
	7,174,669	10,330,897
Less: Amount due within 12 months	(2,786,867)	(3,271,037)
Amount due after 12 months	4,387,802	7,059,860

The lease liabilities of the Group are secured by the property, plant and equipment as disclosed in Note 5(a) to the financial statements.

(d) Bankers' acceptances, revolving credits and bank overdrafts

The other bank borrowings of the Group and of the Company are denominated in Ringgit Malaysia and bear interest at rates ranging from 3.41% to 8.20% (2021: 2.05% to 7.20%) and 5.16% to 8.14% (2021: 4.00% to 7.14%) per annum respectively.

Other bank borrowings of the Group and of the Company are secured by:

(i) Facility agreement together with interest, commission and all other charges thereon;

(ii) Second ranking legal charge to certain retail units as disclosed in Note 9(c) to the financial statements;

(iii) First party second fixed charge over certain property, plant and equipment and investment properties as disclosed in Note 5(a) and Note 6(c) to the financial statements;

(iv) Supplement agreement to extend the assignment of rental proceeds from certain investment properties executed between borrower and bank;

(v) Charge over the monies in the debt services reserve account as disclosed in Note 17(c) to the financial statements;

(vi) Second legal charge over a designated escrow account; and

(vii) Corporate guarantee by the Company.

22. TRADE AND OTHER PAYABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-current:					
Non-trade					
Landowner's entitlement	(a)	22,023,719	10,552,722	–	–
Current:					
Trade					
Trade payables	(b)	81,269,811	82,253,907	–	–
Retention sums		62,744,675	50,939,358	–	–
		144,014,486	133,193,265	–	–
Non-trade					
Other payables		3,534,149	3,344,221	52,040	95,274
Landowner's entitlement	(a)	120,348,745	200,737,615	–	–
Goods and services tax ("GST") payable		11,447	470,001	–	–
Sales and services tax ("SST") payable		326,733	164,258	–	–
Deposits received		2,483,244	2,476,195	–	–
Accruals		3,569,556	3,208,673	154,759	76,759
Deferred rental income		166,408	107,356	–	–
		274,454,768	343,701,584	206,799	172,033
Total trade and other payables		296,478,487	354,254,306	206,799	172,033

(a) Landowner's entitlement

Landowner's entitlement represents cost payable for land development right pursuant to the Joint Land Development Agreement entered into with the landowner. Included in landowner's entitlement is an amount of RM24,195,086 (2021: RM14,017,337) to be settled in cash and is measured at amortised cost at imputed rate of 8.14% (2021: 8.54%) per annum.

During the financial year, the Group entered into a supplementary agreement that resulted in a revision of the total estimated payment owing to the landowner and the development rights with respect to a leasehold land as disclosed in Note 9(e) to the financial statements. Hence, the payable for the landowner's entitlement had been adjusted accordingly.

(b) Trade payables

The Group's normal trade credit terms granted ranging from 30 to 60 days (2021: 30 to 60 days).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. REVENUE

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Revenue from contract with customers:				
Construction contracts	291,963,456	200,047,350	–	–
Sales of completed properties	2,060,080	2,812,800	–	–
Maintenance income	11,074,707	11,746,991	–	–
	305,098,243	214,607,141	–	–
Revenue from other sources:				
Rental income from investment properties	8,121,818	6,715,159	–	–
Interest income from banks	49,040	26,494	49,040	26,494
Interest income from subsidiary companies	–	–	7,452,384	6,788,077
Income from short term investments	129,296	148,258	129,296	148,258
Finance income from concession contract	32,686,163	33,915,384	–	–
	40,986,317	40,805,295	7,630,720	6,962,829
	346,084,560	255,412,436	7,630,720	6,962,829

(a) Disaggregation of revenue

The Group reports the following segments: construction, concession arrangement, investment holding and property development in accordance with MFRS 8 *Operating Segments*. For the purpose of disclosure of disaggregation of revenue from contract with customers, it disaggregates revenue into major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Construction RM	**Concession arrangement RM**	**Property development RM**	**Total RM**
Group				
2022				
Major goods or services				
Construction services	287,973,625	–	–	287,973,625
Mechanical and engineering services	3,989,831	–	–	3,989,831
Sales of commercial properties	–	–	760,080	760,080
Sales of residential properties	–	–	1,300,000	1,300,000
Maintenance income	–	11,074,707	–	11,074,707
	291,963,456	11,074,707	2,060,080	305,098,243

23. REVENUE (CONT'D)

(a) Disaggregation of revenue (Cont'd)

	Construction RM	Concession arrangement RM	Property development RM	Total RM
Group				
2022				
Timing of revenue recognition:				
At a point in time	–	–	2,060,080	2,060,080
Over time	291,963,456	11,074,707	–	303,038,163
	291,963,456	11,074,707	2,060,080	305,098,243
2021				
Major goods or services				
Construction services	197,804,117	–	–	197,804,117
Mechanical and engineering services	2,243,233	–	–	2,243,233
Sales of commercial properties	–	–	551,000	551,000
Sales of residential properties	–	–	2,261,800	2,261,800
Maintenance income	–	11,746,991	–	11,746,991
	200,047,350	11,746,991	2,812,800	214,607,141
Timing of revenue recognition:				
At a point in time	–	–	2,812,800	2,812,800
Over time	200,047,350	11,746,991	–	211,794,341
	200,047,350	11,746,991	2,812,800	214,607,141

(b) Transaction price allocated to the remaining performance obligation

As of 31 December 2022, the aggregate amounts of the transaction price allocated to the remaining performance obligation are:

(i) RM584.1 million (2021: RM458.3 million) and the Group will recognise this revenue as the properties or construction are completed, which is expected to occur over the next 4 years (2021: 3 years); and

(ii) RM103.3 million (2021: RM112.7 million) and the Group will recognise this revenue as the maintenance services are performed, which is over the next 11 years (2021: 12 years).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. COST OF SALES

	Group 2022 RM	Group 2021 RM
Costs of construction contracts	288,566,095	231,876,218
Costs of sales of completed properties	1,638,876	2,372,655
Costs of maintenance of investment properties	5,706,187	5,315,930
Costs of maintenance of facilities and infrastructure	10,514,971	10,784,029
	306,426,129	250,348,832

25. FINANCE INCOME

	Group 2022 RM	Group 2021 RM
Income from short term investments	27,787	16,070
Interest income from banks	1,036,886	1,510,194
	1,064,673	1,526,264

26. FINANCE COSTS

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expense on:				
- bank overdrafts	1,949,291	1,378,480	120,421	88,466
- bankers' acceptances	1,869,380	1,244,061	–	–
- lease liabilities	566,925	350,052	–	–
- revolving credits	5,207,151	3,711,652	2,452,468	400,174
- Sukuk Murabahah	20,453,907	21,631,505	–	–
Amortisation of discount on Sukuk Murabahah	2,428,253	2,608,768	–	–
	32,474,907	30,924,518	2,572,889	488,640

27. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) to arrive at (loss)/profit before tax:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Auditors' remuneration				
- statutory audit:				
- current year	318,300	260,000	66,000	53,000
- under provision in prior years	9,700	1,000	3,000	–
- non-statutory audit:				
- current year	17,100	14,000	5,900	4,500
- under provision in prior years	500	–	500	–
Bad debts written off	495,532	–	–	–
Depreciation of property, plant and equipment (Note 5)	6,803,313	5,470,304	–	–
Effect of revision of estimated receipt of amount due from subsidiary companies	–	–	2,976,849	1,921,023
Employee benefits expenses (Note 30)	13,822,724	14,035,798	198,000	198,000
Expenses related to short term leases	1,436,355	927,813	–	–
Fair value loss on investment properties (Note 6)	1,000,000	–		
Gain on disposal of property, plant and equipment	–	(35,000)	–	–
Impairment losses on:				
- amount due from a subsidiary company	–	–	1,784,116	2,066,475
- trade receivables	–	4,101,723	–	–
- other receivables	2,023,192	–	–	–
Reversal of impairment losses on:				
- investment in a subsidiary company	–	–	–	(2,633,096)
- contract assets	–	(680,580)	–	–
- trade receivables	(1,412,974)	(573,406)	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

28. INCOME TAX (CREDIT)/EXPENSE

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Current income tax				
- current year	3,653,758	1,674,106	1,117,510	1,435,825
- under provision in prior years	236,861	25,582	24,497	21,075
	3,890,619	1,699,688	1,142,007	1,456,900
Real property gains tax ("RPGT")	22,600	–	–	–
Deferred tax				
- current year	(4,890,591)	(9,343,888)	–	–
- under provision in prior years	387,611	2,371,302	–	–
	(4,502,980)	(6,972,586)	–	–
	(589,761)	(5,272,898)	1,142,007	1,456,900

Income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable (loss)/profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax (credit)/expense are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
(Loss)/Profit before tax	(12,895,258)	(48,827,726)	(610,919)	4,211,547
Tax at Malaysian statutory income tax rate of 24% (2021: 24%)	(3,094,862)	(11,718,654)	(146,621)	1,010,771
Tax effects arising from:				
- non-taxable income	(1,486,969)	(1,038,400)	(31,031)	(35,582)
- non-deductible expenses	3,314,495	4,379,796	1,295,162	460,636
- capital gain tax	22,600	–	–	–
- utilisation of deferred tax assets not recognised previously	(339,115)	(541,061)	–	–
- deferred tax assets not recognised on tax losses and deductible temporary differences	229,618	1,248,537	–	–
- deferred tax recognised at RPGT rate	140,000	–	–	–
- under provision of current and deferred tax in prior years	624,472	2,396,884	24,497	21,075
Income tax (credit)/expense	(589,761)	(5,272,898)	1,142,007	1,456,900

29. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on the loss attributable to owners of the Company divided by the weighted average number of ordinary shares in issue during the financial year, adjusted for treasury shares held.

	Group	
	2022	2021
Loss attributable to owners of the Company (RM)	(14,951,889)	(44,987,888)
Weighted average number of ordinary shares in issue (Unit)	162,107,557	162,107,557
Basic loss per share (sen)	(9.22)	(27.75)

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the authorisation of these financial statements.

(b) Diluted loss per share

The Group has no dilutive potential ordinary shares. At such, there is no dilutive effect on the loss per share of the Group.

30. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, bonus, overtime and allowances	11,974,466	12,091,219	198,000	198,000
Defined contribution plan ("EPF")	1,324,818	1,335,162	–	–
Other staff related expenses	523,440	609,417	–	–
	13,822,724	14,035,798	198,000	198,000

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

30. EMPLOYEE BENEFITS EXPENSES (CONT'D)

Included in employee benefits expenses are directors' remuneration as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Executive Directors (including Alternate Director) of the Company				
- Salaries and other emoluments (included estimated benefits-in-kind)	1,691,474	1,589,602	–	–
Non-Executive Directors of the Company				
- Fees	198,000	198,000	198,000	198,000
Total directors' remuneration	1,889,474	1,787,602	198,000	198,000

31. OPERATING LEASES

The Group as lessor

The Group has entered into operating leases on its investment properties consisting of certain office buildings. The leases have terms ranging from one to three years (2021: one to three years).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows:

	2022 RM	**2021 RM**
- Not later than one year	3,898,763	3,600,218
- One to two years	3,676,309	3,304,545
- Two to three years	78,000	3,093,491
- Three to four years	–	3,000
	7,653,072	10,001,254

Certain operating lease arrangements contain an option for the lessee to extend the original lease term by one to three years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group and the Company include:

(i) Subsidiary companies;
(ii) Company in which a director has substantial financial interest;
(iii) Corporate shareholders of subsidiary companies; and
(iv) Key management personnel comprise persons (including the directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions and balances

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Transactions with:				
Subsidiary companies				
Interest income received/receivable	–	–	7,452,384	6,788,077
Company in which a director has substantial financial interest				
Rental received/ receivable	24,000	24,000	–	–
Reversal of impairment losses on trade receivables	1,412,974	573,406	–	–

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 13 and 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. RELATED PARTIES (CONT'D)

(c) Key management personnel remuneration

The remuneration of the key management personnel (including directors) during the financial year is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors' fees	198,000	198,000	198,000	198,000
Short-term employment benefits (included estimated benefits-in-kind)	3,074,306	2,936,757	–	–
Defined contribution plan ("EPF")	304,470	293,232	–	–
	3,576,776	3,427,989	198,000	198,000

33. SEGMENT INFORMATION

The information reported to the Chairperson of Group Executive Committee, as the Group's chief operating decision maker, in making decisions to allocate resources to segments and to assess their performance is based on the nature of the industry (business segments) of the Group.

Measurement of reportable segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements.

Segment statements of comprehensive income are profit earned or loss incurred by each segment with allocation of central administrative costs, non-operating investment revenue, finance costs, tax expense and other non-cash expenses. There are no significant changes from previous financial year in the measurement methods used to determine reported segment statements of comprehensive income.

There are varying levels of integration among investment holding segment with construction segment and property development segment. This integration includes rental of properties, corporate support and provision of construction, mechanical and electrical engineering services. Inter-segment pricing is determined on a negotiated basis.

All the Group's assets are allocated to reportable segments.

All the Group's liabilities are allocated to reportable segments.

33. SEGMENT INFORMATION (CONT'D)

Business segments

For management purposes, the Group is organised into business units based on their products and services provided. The Group is organised into four main business segments as follows:

(a) Construction – general construction, mechanical and electrical engineering services;

(b) Concession arrangement – construction and maintenance of facilities and infrastructure;

(c) Investment holding – investment in shares, properties and other investment activities; and

(d) Property development – development of residential and commercial 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.

Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

33. SEGMENT INFORMATION (CONT'D)

2022	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Revenue							
Revenue from external customers	291,963,456	43,760,870	8,300,154	2,060,080	–		346,084,560
Inter-segment revenue	10,697,240	–	8,620,434	(1,300,000)	(18,017,674)	(a)	–
Total revenue	302,660,696	43,760,870	16,920,588	760,080	(18,017,674)		346,084,560
Results							
Segment results	(3,897,331)	32,089,525	6,664,120	(59,253)	(7,373,022)	(b)	27,424,039
Bad debts written off	(495,532)	–	–	–	–		(495,532)
Depreciation of property, plant and equipment	(6,313,355)	–	(103,488)	(57,022)	(329,448)	(b)	(6,803,313)
Fair value loss on investment properties	–	–	–	(1,000,000)	–		(1,000,000)
Finance costs	(5,512,407)	(24,232,160)	(4,574,024)	(285,734)	2,129,418	(b)	(32,474,907)
Impairment losses on other receivables	–	–	–	(2,023,192)	–		(2,023,192)
Income from short term investments	26,043	–	1,744	–	–		27,787
Interest income from banks	267	990,704	13,416	32,499	–		1,036,886
Reversal of impairment losses on trade receivables	1,412,974	–	–	–	–		1,412,974
Income tax credit/ (expense)	3,703,091	(3,423,402)	(1,509,189)	220,997	1,598,264	(b)	589,761
Consolidated loss for the financial year							(12,305,497)

33. SEGMENT INFORMATION (CONT'D)

2022	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Assets							
Segment assets	305,621,445	454,130,310	684,074,811	394,961,139	(627,887,586)	(c)	1,210,900,119
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	–	–	–	–	23,659,780	(c)	23,659,780
Deferred tax assets	25,001,384	–	–	6,180,852	9,982,496	(c)	41,164,732
Current tax assets	1,172,789	37,242	308,001	–	–		1,518,032
Total assets	331,849,618	454,167,552	684,382,812	401,141,991	(594,245,310)		1,277,296,663
Liabilities							
Segment liabilities	175,761,746	18,052,805	262,701,878	286,611,658	(431,274,068)	(d)	311,854,019
Loans and borrowings	117,543,809	356,521,791	79,408,180	48,553,074	(45,000,000)	(d)	557,026,854
Deferred tax liabilities	–	26,032,212	9,060,635	–	–		35,092,847
Tax liabilities	–	–	2,040,363	–	–		2,040,363
Current tax liabilities	–	–	672,627	200,000	(311,636)	(d)	560,991
Total liabilities	293,305,555	400,606,808	353,883,683	335,364,732	(476,585,704)		906,575,074

33. SEGMENT INFORMATION (CONT'D)

2021	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Revenue							
Revenue from external customers	200,047,350	45,662,375	6,889,911	2,812,800	–		255,412,436
Inter-segment revenue	15,677,946	–	7,956,127	(2,261,800)	(21,372,273)	(a)	–
Total revenue	215,725,296	45,662,375	14,846,038	551,000	(21,372,273)		255,412,436
Results							
Segment results	(38,071,318)	33,771,948	8,326,238	(1,583,236)	(13,590,063)	(b)	(11,146,431)
Depreciation of property, plant and equipment	(4,698,182)	–	(108,507)	(334,167)	(329,448)	(b)	(5,470,304)
Finance costs	(3,987,883)	(25,590,274)	(2,326,399)	(987,874)	1,967,912	(b)	(30,924,518)
Gain on disposal of property, plant and equipment	35,000	–	–	–	–		35,000
Impairment losses on trade receivables	(4,101,723)	–	–	–	–		(4,101,723)
Income from short term investments	14,633	–	1,437	–	–		16,070
Interest income from banks	–	919,380	788	590,026	–		1,510,194
Reversal of impairment losses on:							
- contract assets	680,580	–	–	–	–		680,580
- trade receivables	573,406	–	–	–	–		573,406
Income tax credit/(expense)	11,347,782	(6,160,550)	(1,771,312)	376,130	1,480,848	(b)	5,272,898
Consolidated loss for the financial year							(43,554,828)

33. SEGMENT INFORMATION (CONT'D)

2021	Construction RM	Concession arrangement RM	Investment holding RM	Property development RM	Adjustments and eliminations RM	Note	Group RM
Assets							
Segment assets	292,622,904	466,199,442	685,134,201	451,881,163	(637,969,415)	(c)	1,257,868,295
Golf club membership	54,000	–	–	–	–		54,000
Goodwill	–	–	–	–	23,659,780	(c)	23,659,780
Deferred tax assets	21,275,692	–	–	5,759,856	8,695,868	(c)	35,731,416
Current tax assets	1,364,362	47,530	297,725	–	–		1,709,617
Total assets	315,316,958	466,246,972	685,431,926	457,641,019	(605,613,767)		1,319,023,108
Liabilities							
Segment liabilities	175,521,745	16,170,777	282,517,407	340,149,925	(444,888,582)	(d)	369,471,272
Loans and borrowings	90,174,900	379,093,538	59,271,410	48,542,129	(45,000,000)	(d)	532,081,977
Deferred tax liabilities	–	22,846,579	11,315,932	–	–		34,162,511
Current tax liabilities	–	–	280,262	–	–		280,262
Total liabilities	265,696,645	418,110,894	353,385,011	388,692,054	(489,888,582)		935,996,022

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. SEGMENT INFORMATION (CONT'D)

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

(a) Inter-segment revenue are eliminated on consolidation;

(b) Inter-segment transactions are eliminated and/or impairment of goodwill on consolidation;

(c) Inter-segment assets are eliminated and/or goodwill on consolidation; and

(d) Inter-segment liabilities are eliminated on consolidation.

Information about major customers

For construction segment, revenue from 3 (2021: 3) major customers amounted to RM227,347,310 (2021: RM158,681,503).

For concession arrangement segment, revenue from 1 (2021: 1) major customer amounted to RM43,760,870 (2021: RM45,662,375).

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost; and
(ii) Fair value through profit or loss ("FVPL").

	Carrying amount RM	Amortised cost RM	FVPL RM
Group			
2022			
Financial assets			
Operating financial asset	269,734,110	269,734,110	–
Trade and other receivables *	192,006,621	192,006,621	–
Short term investments	3,888,658	–	3,888,658
Fixed deposits placed with licensed banks	52,439,795	52,439,795	–
Cash and bank balances	17,884,102	17,884,102	–
	535,953,286	532,064,628	3,888,658

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Carrying amount RM	Amortised cost RM	FVPL RM
Group			
2022			
Financial liabilities			
Trade and other payables #	177,796,521	177,796,521	–
Lease liabilities	7,174,669	7,174,669	–
Bankers' acceptances	56,123,000	56,123,000	–
Term loan	38,500,000	38,500,000	–
Revolving credits	99,448,853	99,448,853	–
Bank overdrafts	44,258,541	44,258,541	–
Sukuk Murabahah	311,521,791	311,521,791	–
	734,823,375	734,823,375	–
2021			
Financial assets			
Operating financial asset	280,784,865	280,784,865	–
Trade and other receivables *	164,305,068	164,305,068	–
Short term investments	10,731,575	–	10,731,575
Fixed deposits placed with licensed banks	50,881,266	50,881,266	–
Cash and bank balances	19,484,303	19,484,303	–
	526,187,077	515,455,502	10,731,575
Financial liabilities			
Trade and other payables #	156,239,691	156,239,691	–
Lease liabilities	10,330,897	10,330,897	–
Bankers' acceptances	35,931,920	35,931,920	–
Term loan	38,500,000	38,500,000	–
Revolving credits	82,637,166	82,637,166	–
Bank overdrafts	30,588,456	30,588,456	–
Sukuk Murabahah	334,093,538	334,093,538	–
	688,321,668	688,321,668	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Carrying amount RM	Amortised cost RM	FVPL RM
Company			
2022			
Financial assets			
Amount due from subsidiary companies	175,592,624	175,592,624	–
Short term investments	1,411,089	–	1,411,089
Fixed deposits placed with licensed banks	3,168,370	3,168,370	–
Cash and bank balances	2,819	2,819	–
	180,174,902	178,763,813	1,411,089
Financial liabilities			
Amount due to subsidiary companies	59,254,615	59,254,615	–
Other payables and accruals	206,799	206,799	–
Revolving credits	36,941,888	36,941,888	–
Bank overdraft	3,695,205	3,695,205	–
	100,098,507	100,098,507	–
2021			
Financial assets			
Amount due from subsidiary companies	167,694,782	167,694,782	–
Deposit	7,500	7,500	
Short term investments	8,281,793	–	8,281,793
Fixed deposits placed with licensed banks	3,148,484	3,148,484	–
Cash and bank balances	115,012	115,012	–
	179,247,571	170,965,778	8,281,793
Financial liabilities			
Amount due to subsidiary companies	75,809,817	75,809,817	–
Other payables and accruals	172,033	172,033	–
Revolving credits	20,215,495	20,215,495	–
Bank overdraft	1,046,962	1,046,962	–
	97,244,307	97,244,307	–

* *exclude advances made to suppliers and sub-contractors, deposits for development projects and prepayments*

\# *exclude deferred rental income, GST and SST payable and landowner's entitlement*

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group and the Company seek to manage effectively the various risks namely credit risk, liquidity risk and interest rate risk, to which the Group and the Company are exposed to in their operations. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below:

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's exposure to credit risk primarily arises from its operating financial asset, trade receivables and contract assets while the Company's exposure to credit risk primarily arises from amount due from subsidiary companies. The maximum risk associated with recognised financial assets are the carrying amounts as presented in the statements of financial position.

Credit risk of the Group is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored strictly by limiting the Group's association to business partners with high creditworthiness. If necessary, the Group may obtain collaterals from counterparties as a mean of mitigating losses in the event of default.

Operating financial asset, trade receivables and contract assets

Other than the trade receivables and contract assets arising from the sale of development properties, the carrying amount of operating financial asset, trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In respect of trade receivables and contract assets arising from the sale of development properties, the Group mitigates its credit risk by withholding the transfer of registered ownership of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financier by the purchaser's end-financier. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a mean of mitigating the risk of financial loss from defaults.

In managing credit risk, the Group periodically reviews the Group's credit risk exposure in respect of its trade receivables and takes appropriate actions to recover long overdue balances. At each reporting date, the Group assesses whether any of the trade receivables are credit-impaired. A financial asset is credit-impaired when one or more events have a detrimental impact on the estimated future cash flows of the financial assets have occurred.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Operating financial asset, trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The Group determines the credit risk concentration of its operating financial asset, trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's operating financial asset, trade receivables and contract assets at the reporting date are as follows:

Operating financial asset:

	Group			
	2022		2021	
	RM	%	RM	%
Concession arrangement	269,734,110	100	280,784,865	100

Trade receivables:

	Group			
	2022		2021	
	RM	%	RM	%
Construction	126,319,932	98	98,459,786	98
Concession arrangement	1,966,151	2	1,966,151	2
Property development	108,188	0	150,785	0
Others	80,298	0	57,971	0
	128,474,569	100	100,634,693	100

Contract assets:

	Group			
	2022		2021	
	RM	%	RM	%
Construction	39,758,012	100	35,866,201	100

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Operating financial asset, trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss ("ECL") allowance for all operating financial asset, trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The determination of ECL also incorporates economic conditions during the period of historical data, current conditions and forward-looking information on the economic conditions over the expected settlement period of the receivables. The Group believes that changes in economic conditions over these periods would not materially impact the impairment calculation of the receivables.

For concession and construction contracts, as there are only a few customers, the Group assesses the risk of each customer individually based on their financial capability, past trend of payments and other external information relating to the customers that are publicly available. For property development contracts, the Group determines the ECL rate for the group of customers based on actual credit loss experience over the past three years.

The information about the credit risk exposure on the Group's contract assets, operating financial asset and trade receivables are as follows:

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
2022			
Contract assets			
Current (not past due)	23,423,812	–	23,423,812
> 90 days past due *	16,334,200	–	16,334,200
Operating financial asset			
Current (not past due)	269,734,110	–	269,734,110
Trade receivables			
Current (not past due)	86,352,916	–	86,352,916
1 - 30 days past due	17,218,201	–	17,218,201
31 - 60 days past due	15,638,416	–	15,638,416
61 - 90 days past due	775,169	–	775,169
> 90 days past due *	8,489,867	–	8,489,867
Credit-impaired:			
- Individually assessed	22,605,807	(22,605,807)	–
	460,572,498	(22,605,807)	437,966,691

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Operating financial asset, trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's contract assets, operating financial asset and trade receivables are as follows (Cont'd):

Group	Gross carrying amount RM	ECL allowance RM	Net balance RM
2021			
Contract assets			
Current (not past due)	19,532,001	–	19,532,001
> 90 days past due *	16,334,200	–	16,334,200
Operating financial asset			
Current (not past due)	280,784,865	–	280,784,865
Trade receivables			
Current (not past due)	90,568,732	–	90,568,732
1 - 30 days past due	233,694	–	233,694
31 - 60 days past due	30,773	–	30,773
61 - 90 days past due	18,458	–	18,458
> 90 days past due *	9,783,036	–	9,783,036
Credit-impaired:			
- Individually assessed	24,018,781	(24,018,781)	–
	441,304,540	(24,018,781)	417,285,759

* *Included in trade receivables and contract assets are amounts of RM14,749,849 (2021: RM14,749,849) and RM16,334,200 (2021: RM16,334,200) respectively, due from a customer with contract under dispute as disclosed in Notes 13 and 15 to the financial statements.*

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Operating financial asset, trade receivables and contract assets (Cont'd)

Trade receivables that are impaired

The movement in the allowance for impairment losses of trade receivables is as follows:

	Group 2022 RM	2021 RM
At 1 January	24,018,781	22,487,939
Charge for the impairment losses (Note 27)		
- individually assessed	–	4,101,723
Reversal of impairment losses	(1,412,974)	(573,406)
Written off	–	(1,997,475)
At 31 December	22,605,807	24,018,781

Included in allowance for impairment losses for trade receivables of the Group is an amount of RM4,705,270 (2021: RM6,118,244) due from a company in which a director has interest.

Contract assets that are impaired

The movement in the allowance for impairment losses of contract assets is as follows:

	Group 2022 RM	2021 RM
At 1 January	–	680,580
Reversal of impairment losses	–	(680,580)
At 31 December	–	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

For other receivables and other financial assets (including fixed deposits placed with licensed banks, cash and bank balances and related company balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position. The carrying amount of the other receivables and other financial assets are not secured by any collateral or supported by any other credit enhancement except for a receivable of RM44,100,000 (2021: RM44,100,000) due from a non-controlling shareholder which is supported by the shares in a subsidiary company owned by the shareholder as credit enhancement.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition taking into consideration available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days when they fall due.

The Company provides advances to subsidiary companies. The Company monitors the results of the subsidiary companies in determining the recoverability of intercompany balances. The advances to subsidiary companies are repayable on demand. For such advances, expected credit losses are assessed based on the assumption that repayment of the advances is demanded at the reporting date. If the subsidiary companies do not have sufficient liquid assets when the loan is demanded, the Company will consider the expected manner of recovery and recovery period of the advances.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

The information about credit risk exposure on the Group's and the Company's other receivables and other financial assets are as follows:

	Gross carrying amount RM	ECL allowance RM	Net balance RM
2022			
Group			
Low credit risk	137,744,607	–	137,744,607
Significant increase in credit risk	–	–	–
Credit-impaired	20,658,544	(20,658,544)	–
	158,403,151	(20,658,544)	137,744,607
Company			
Low credit risk	180,174,902	–	180,174,902
Significant increase in credit risk	–	–	–
Credit-impaired	8,205,760	(8,205,760)	–
	188,380,662	(8,205,760)	180,174,902
2021			
Group			
Low credit risk	144,767,519	–	144,767,519
Significant increase in credit risk	–	–	–
Credit-impaired	18,635,352	(18,635,352)	–
	163,402,871	(18,635,352)	144,767,519
Company			
Low credit risk	179,247,571	–	179,247,571
Significant increase in credit risk	–	–	–
Credit-impaired	6,421,644	(6,421,644)	–
	185,669,215	(6,421,644)	179,247,571

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

Other receivables that are impaired

The movement in the allowance for impairment losses of other receivables is as follows:

	Group	
	2022 RM	**2021 RM**
At 1 January	18,635,352	19,123,173
Charge for the impairment losses (Note 27)		
- individually assessed	2,023,192	–
Written off	–	(487,821)
At 31 December	20,658,544	18,635,352

Included in allowance for impairment losses for other receivables of the Group is an amount of RM2,018,625 (2021: RM2,018,625) due from a company in which a director has interest.

Amount due from subsidiary companies that are impaired

The movement in the allowance for impairment losses of amount due from subsidiary companies is as follows:

	Company	
	2022 RM	**2021 RM**
At 1 January	6,421,644	4,355,169
Charge for the impairment losses (Note 27)		
- individually assessed	1,784,116	2,066,475
At 31 December	8,205,760	6,421,644

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantees

The Company provides secured corporate guarantees to banks in respect of banking facilities provided to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiary companies. The Company monitors the results of the subsidiary companies and their repayment on an ongoing basis. The maximum exposure to credit risk amounting to RM269,510,067 (2021: RM263,188,548) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 34(b)(ii) to the financial statements. Generally, the Company considers the financial guarantees have low credit risk. As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantees.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantees are provided as credit enhancements to the subsidiary companies' secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company manage their operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
Group	**Carrying amount RM**	**On demand or within one year RM**	**Between one and five years RM**	**More than five years RM**	**Total RM**
2022					
Trade and other payables #	177,796,521	155,902,720	29,587,953	–	185,490,673
Lease liabilities	7,174,669	3,160,459	4,626,005	–	7,786,464
Bankers' acceptances	56,123,000	56,123,000	–	–	56,123,000
Term loan	38,500,000	15,534,555	24,861,756	–	40,396,311
Revolving credits	99,448,853	99,448,853	–	–	99,448,853
Bank overdrafts	44,258,541	44,258,541	–	–	44,258,541
Sukuk Murabahah	311,521,791	45,514,500	167,121,750	237,890,250	450,526,500
	734,823,375	419,942,628	226,197,464	237,890,250	884,030,342
2021					
Trade and other payables #	156,239,691	146,466,332	11,847,102	–	158,313,434
Lease liabilities	10,330,897	3,801,659	7,693,387	–	11,495,046
Bankers' acceptances	35,931,920	35,931,920	–	–	35,931,920
Term loan	38,500,000	1,409,100	40,206,170	–	41,615,270
Revolving credits	82,637,166	82,637,166	–	–	82,637,166
Bank overdrafts	30,588,456	30,588,456	–	–	30,588,456
Sukuk Murabahah	334,093,538	45,514,500	173,190,250	275,988,750	494,693,500
	688,321,668	346,349,133	232,936,909	275,988,750	855,274,792

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows (Cont'd):

		Contractual cash flows	
Company	**Carrying amount RM**	**On demand or within one year RM**	**Total RM**
2022			
Amount due to subsidiary companies	59,254,615	59,254,615	59,254,615
Other payables and accruals	206,799	206,799	206,799
Revolving credits	36,941,888	36,941,888	36,941,888
Bank overdraft	3,695,205	3,695,205	3,695,205
Financial guarantee contracts	–	269,510,067	269,510,067
	100,098,507	369,608,574	369,608,574
2021			
Amount due to subsidiary companies	75,809,817	75,809,817	75,809,817
Other payables and accruals	172,033	172,033	172,033
Revolving credits	20,215,495	20,215,495	20,215,495
Bank overdraft	1,046,962	1,046,962	1,046,962
Financial guarantee contracts	–	263,188,548	263,188,548
	97,244,307	360,432,855	360,432,855

\# *exclude deferred rental income, GST and SST payable and landowner's entitlement*

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and of the Company's financial instruments as a result of changes in market interest rates.

The Group's and the Company's primary interest rate risk relates to floating interest-bearing financial instruments which include loans and borrowings. The investments in financial assets are mainly short term in nature and have been mostly placed in unit trust funds and fixed deposits which yield better returns than cash at bank.

The Group and the Company actively review their debt portfolio, taking into account the investment holding period and nature of their assets.

This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. As at 31 December 2022 and 31 December 2021, the Group and the Company have not entered into any hedging instruments arrangement to minimise their exposure to interest rate volatility.

Sensitivity analysis for interest rate risk

If the interest rate had been 50 (2021: 50) basis point higher/lower and all other variables held constant, the Group's and the Company's loss (2021: the Group's loss and the Company's profit) for the financial year ended 31 December 2022 would increase/decrease by RM2,089,438 (2021: RM1,982,654) and RM154,421 (2021: decrease/increase by RM80,797) respectively as a result of exposure to floating rate loans and borrowings.

(c) Fair value measurement

The carrying amounts of current financial assets and financial liabilities are reasonable approximation to their 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 reporting date. Other long term financial assets and liabilities are reasonable approximation of fair value (Level 3) because they are floating rate instruments which are re-priced to market interest rates or based on discounting of future cash flows using current lending rates for similar types of arrangements.

There have been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either directions).

34. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments carried at fair value:

Group	Carrying amount Total RM	Fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022					
Financial asset					
Short term investments	3,888,658	3,888,658	–	–	3,888,658
2021					
Financial asset					
Short term investments	10,731,575	10,731,575	–	–	10,731,575
Company					
2022					
Financial asset					
Short term investments	1,411,089	1,411,089	–	–	1,411,089
2021					
Financial asset					
Short term investments	8,281,793	8,281,793	–	–	8,281,793

35. CAPITAL COMMITMENT

	Group 2022 RM	2021 RM
Contracted but not provided for:		
- contractual commitment for acquisition of a land development right ^	245,000,000	246,000,000

^ *The gross contractual commitment for the acquisition of a land development right is RM248 million (2021: RM248 million). After taking into consideration the deposit paid of RM3 million (2021: RM2 million), the net contractual commitment is RM245 million (2021: RM246 million).*

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust their capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using a gearing ratio, which is net debts divided by total capital plus net debts. Net debts comprise loans and borrowings less cash and bank balances whilst total capital is the total equity of the Group and of the Company.

The gearing ratio for the Group and for the Company as at 31 December 2022 and 31 December 2021 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loans and borrowings	557,026,854	532,081,977	40,637,093	21,262,457
Less:				
Short term investments	(3,888,658)	(10,731,575)	(1,411,089)	(8,281,793)
Fixed deposits placed with licensed banks	(52,439,795)	(50,881,266)	(3,168,370)	(3,148,484)
Cash and bank balances	(17,884,102)	(19,484,303)	(2,819)	(115,012)
Net debts	482,814,299	450,984,833	36,054,815	9,717,168
Equity	370,721,589	383,027,086	190,345,540	192,098,466
Total equity plus net debts	853,535,888	834,011,919	226,400,355	201,815,634
Gearing ratio	0.57	0.54	0.16	0.05

The Group and certain subsidiary companies are required to comply with certain debt to equity ratio, interest coverage ratio and finance service cover ratio in respect of the term loan, revolving credits and Sukuk Murabahah facilities.

STATEMENT BY **DIRECTORS**

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

We, **TENGKU DATO' SULAIMAN SHAH BIN TENGKU ABDUL JALIL SHAH** and **YONG SHANG MING**, being two of the directors of **CREST BUILDER HOLDINGS BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 69 to 164 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 their financial performance and cash flows for the financial year then ended.

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

....

TENGKU DATO' SULAIMAN SHAH
BIN TENGKU ABDUL JALIL SHAH
Director

....

YONG SHANG MING
Director

Petaling Jaya

Date: 15 March 2023

STATUTORY **DECLARATION**

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

I, **CHONG SUN CHOI**, being the officer primarily responsible for the financial management of **CREST BUILDER HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 69 to 164 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

....

CHONG SUN CHOI
Officer
MIA Membership No.: CA 30642

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor Darul Ehsan on 15 March 2023.

Before me,

....

Commissioner for Oaths

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF CREST BUILDER HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crest Builder Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including significant accounting policies, as set out on pages 69 to 164.

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 cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Group and Company

Investment properties (Notes 4.1 and 6 to the financial statements)

Risk:

The Group's investment properties are measured at fair value subsequent to their initial recognition. The directors estimated the fair value of the investment properties based on the market valuation performed by an external independent valuer. We focused on this area because the valuation requires significant judgement in determining the appropriate valuation methods and the key assumptions used in the valuations.

Our response:

Our audit procedures included, among others:

- evaluating the competency, capabilities and objectivity of the external valuer which includes consideration of their qualifications and experience;
- understanding the scope and purpose of the valuation by assessing whether any matters that might have affected their objectivity or limited the scope of their work;
- reading the valuation certificates for all significant properties and discussing with external valuer on their valuation approach and the significant judgements made, including the selection of comparable properties and adjustments for differences in key attributes made to the transacted value of comparable properties; and
- understanding the valuation approach used and appropriateness of the key assumptions.

Investment in subsidiary companies (Notes 4.2 and 7 to the financial statements)
Goodwill (Notes 4.3 and 10 to the financial statements)

Risk:

The Company has significant balance of goodwill, mainly arising from the acquisition of Crest Builder Sdn. Bhd., and investment in subsidiary companies. The goodwill is tested for impairment annually. At the end of the financial year, the Company determined whether there is any indication of impairment in investment in subsidiary companies. Where indication exists, the Company is required to perform an impairment assessment on such investment.

We focused on this area because the Group's and the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of cash-generating unit to which the goodwill was allocated and investment in subsidiary companies were determined based on value-in-use. The value-in-use calculation involves the discount rate applied and the assumptions supporting the underlying cash flow projections which include future revenue, gross profit margin and operating expenses.

Our response:

Our audit procedures focus on evaluating the cash flow projections which included, among others:

- assessing the appropriateness of the valuation methodology adopted by the Company in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budget to assess the performance of the business;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess the reasonableness of the projections;
- performing sensitivity test on the key assumptions used; and
- testing the mathematical accuracy of the impairment assessment.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Group and Company (Cont'd)

Trade receivables and contract assets (Notes 4.4, 13 and 15 to the financial statements)

Risk:

The Group has significant trade receivables and contract assets as at 31 December 2022 which include certain amounts which are long outstanding and/or in legal disputes. We focused on this area because the directors made significant judgements on assumptions about outcome of the legal dispute, risk of default and expected loss rate. In making these assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions, forward-looking estimates at the end of each reporting period, as well as legal opinion.

Our response:

Our audit procedures included, among others:
- an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- where necessary, reading legal opinion obtained for identified receivable;
- reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the calculation of expected credit loss as at the end of the reporting period.

Revenue recognition for construction activities (Notes 4.5 and 23 to the financial statements)

Risk:

The amount of revenue of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as any potential exposure to liquidated and ascertained damages. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures included, among others:
- reading the terms and conditions of agreements with customers;
- understanding the Group's process in recording project budget and the calculation of the progress towards complete satisfaction of performance obligation;
- comparing the Group's major assumptions to contractual terms and our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- assessing the computed progress towards complete satisfaction of performance obligation for identified projects against consultant certificate; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

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.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Andrew Choong Tuck Kuan
No: 03264/04/2023 J
Chartered Accountant

Kuala Lumpur

Date: 15 March 2023

LIST OF
PROPERTIES

Location	Tenure	Approx. Area / Built-up	Description	Year of Expiry	Carrying Amount @ 31.12.2022 (RM)	Approx. Age of Building (years)	Date of Valuation / Acquisition
Lot 60, Seksyen 45, Bandar and Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Leasehold	66,895 sq metres	Land use right for development of a single 47-storey integrated mixed development tower	2113	149,875,685	–	2022
Tierra Crest, Jalan SS6/3, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	280,549 sq ft	A commercial complex - 2 blocks of office building & parking bays	–	140,000,000	10	2022
The Crest, 3 Two Square, No. 2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan	Leasehold	120,514 sq ft	16-storey office block, shops & parking bays	2106	98,527,612	16	2022
		29,838 sq ft			15,154,596		2018
Geran 338084, Lot 186033 (formerly known as GRN 155575 Lot 118324), Mukim Klang, Daerah Klang, Negeri Selangor	Freehold	2.65 hectares	Residential land	–	55,000,000	–	2019
Avenue Crest, No. 2A, Jalan Jubli Perak, 22/1, Seksyen 22, 40150 Shah Alam, Selangor Darul Ehsan	Freehold	29,210 sq ft	Retail lots & car parks	–	32,000,000	9	2022
H.S. (D) 46981, Lot No. 11073, Mukim Sg. Buloh, Daerah Petaling, Negeri Selangor	Freehold	9,612 sq ft	3-storey shop office/office	–	3,800,000	22	2022
No. 28 & 30, Jalan SS 24/13, Taman Megah, 47301 Petaling Jaya, Selangor Darul Ehsan	Freehold	12,939 sq ft	2 units of 3-storey shop office/office	–	3,231,306	26	2002
P.N. 19970 (Old title H.S. (D) 44166) P.T. No. 16311, Mukim Setapak, Daerah Wilayah Persekutuan, Negeri Wilayah Persekutuan	Leasehold	4,200 sq ft	3-storey shop office/office	2075	1,000,000	37	2022
GM 22119, Lot No. 113611, Mukim Kapar, Daerah Klang, Negeri Selangor	Freehold	2.048 hectare	Agricultural land	–	452,139	–	2002

ANALYSIS OF SHAREHOLDINGS
AS AT 15 MARCH 2023

Issued and paid-up share capital	:	176,921,657
Adjusted issued and paid-up share capital	:	162,107,557 (excluding 14,814,100 treasury shares)
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2023

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,128	34.13	103,273	0.06
100 to 1,000	1,756	28.16	661,989	0.41
1,001 to 10,000	1,546	24.79	7,858,697	4.85
10,001 to 100,000	691	11.08	22,385,677	13.81
100,001 to less than 5% of issued shares	113	1.81	61,016,721	37.64
5% and above of issued shares	2	0.03	70,081,200	43.23
Total	**6,236**	**100.00**	**162,107,557**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2023
(In accordance with the Register maintained pursuant to Section 144(1) of the Companies Act 2016)

	Direct Interest		Indirect Interest	
Name	No. of Shares	%	No. of Shares	%
SC Yong Holdings Sdn. Bhd.	70,081,200	43.23	–	–
Koh Hua Lan	–	–	70,081,200	43.23
Yong Shang Ming	–	–	70,081,200	43.23
Yong Tiok Chin	–	–	70,081,200	43.23
Yong Tiok Keng	–	–	70,081,200	43.23
Yong Tiok Nee	–	–	70,081,200	43.23

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

THIRTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2023
(Without aggregating securities from different securities accounts belonging to the same person)

No.	Name of Shareholders	No. of Shares	%
1	SC Yong Holdings Sdn. Bhd.	47,081,200	29.04
2	Kenanga Nominees (Tempatan) Sdn. Bhd. SC Yong Holdings Sdn. Bhd.	23,000,000	14.19
3	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Siow Wong Yen @ Siow Kwang Hwa	5,341,000	3.29
4	Lembaga Tabung Amanah Warisan Negeri Terengganu	4,936,400	3.05
5	Tekad Maju Sdn. Bhd.	4,120,000	2.54
6	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt An for DBS Bank Ltd.	3,827,200	2.36
7	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	2,940,600	1.81
8	Citigroup Nominees (Tempatan) Sdn. Bhd. Great Eastern Life Assurance (Malaysia) Berhad	2,170,800	1.34
9	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Heng Ah Moi	2,149,500	1.33
10	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Lim Han Weng	2,124,900	1.31
11	Lim Khuan Eng	2,000,000	1.23
12	Siow Yuen Seng	2,000,000	1.23
13	Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn. Bhd. for Lim Chee Beng	1,377,000	0.85
14	Mercsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Len Min Sin	1,120,000	0.69
15	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Sri Rahayu binti Tajuddin	1,045,600	0.65
16	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chong Han Peng	1,000,000	0.62
17	Yong Koon Wooi	880,000	0.54
18	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Bukit Fajar Sdn. Bhd.	850,000	0.52
19	Lim Jit Hai	779,300	0.48
20	Ong Wan Chin	650,000	0.40
21	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for General Technology Sdn. Bhd.	632,000	0.39
22	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Khoo Ter Kern @ Stanley Khoo	600,000	0.37

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

THIRTY LARGEST SHAREHOLDERS AS AT 15 MARCH 2023 (CONT'D)
(Without aggregating securities from different securities accounts belonging to the same person) (Cont'd)

No.	Name of Shareholders	No. of Shares	%
23	Wong Yu @ Wong Wing Yu	535,000	0.33
24	Chai Min Hing	532,000	0.33
25	Heng Ah Moi	500,000	0.31
26	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Obata-Ambak Holdings Sdn. Bhd.	500,000	0.31
27	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chee Che Ting	500,000	0.31
28	Teh Bee Loon	500,000	0.31
29	Vignesh Naidu A/L Kuppusamy Naidu	500,000	0.31
30	Segamat Holdings Sdn. Bhd.	465,000	0.29
			70.73

DIRECTORS' SHAREHOLDINGS
(In accordance with the Register maintained pursuant to Section 59 of the Companies Act 2016)

	Direct Interest		Indirect Interest	
Name	**No. of Shares**	**%**	**No. of Shares**	**%**
Tengku Dato' Sulaiman Shah bin Tengku Abdul Jalil Shah	–	–	–	–
Yong Shang Ming	–	–	70,081,200	43.23
Koh Hua Lan	–	–	70,081,200	43.23
Mohd Khasan bin Ahmad	–	–	–	–
Kam Yong Kan	–	–	–	–
Lim Boon Teng	–	–	–	–
Yong Tiok Keng	–	–	70,081,200	43.23

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CREST BUILDER HOLDINGS BERHAD
200201005719 (573382-P)

PROXY FORM

No. of Ordinary Shares Held	

I/We ....

NRIC No. ..../Passport No. ....

of ....

being a member/members of the abovenamed Company hereby appoint ....

....[holding shares]..

of ....

NRIC/Passport No. ..../Email and Contact No. ....

And/or failing him/her

....[holding shares]..

of ....

NRIC/Passport No. ..../Email and Contact No. ....

as *my/our proxy to vote for *me/us and on *my/our behalf at the 21st Annual General Meeting of the Company, to be held at Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 25 May 2023 at 10:00 a.m. or at any adjournment thereof.

Ordinary business		For	Against
1.	To re-elect the Managing Director, Mr. Yong Shang Ming.		
2.	To re-elect the Independent Non-Executive Director, Mr. Lim Boon Teng.		
3.	To appoint Messrs Baker Tilly Monteiro Heng PLT, Chartered Accountants, as auditors for the ensuing financial year ending 31 December 2023 and authorise the fixing of their remuneration by directors.		
Special business		**For**	**Against**
4.	To approve payment of directors' fees for the financial year ending 31 December 2023 in accordance with Article 88 of the Company's Constitution.		
5.	To empower the directors to issue shares pursuant to Section 76 of the Companies Act 2016 and in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad as grant the waiver of pre-emptive rights pursuant to Section 85 of the said Act.		
6.	To approve the mandate for Share Buy-Back.		

Please indicate with a cross [x] in the box provided, how you wish to cast your votes. If no specific instruction as to voting is given, the proxy may vote or abstain at his discretion.

....
Signature of member/Common Seal of corporate member

Dated:

Director　　　　　　　　Director/Secretary

....　　　　...

Notes:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint anyone to attend and vote in his stead as his proxy without limitation and the provisions of Section 334 of the Companies Act 2016 shall apply.*
2. *If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorise a person or persons to act as its representative or representatives at any meeting of members of the Company. A certificate of authorisation by a corporate member shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative pursuant to Section 333 of the Companies Act 2016.*
3. *Shareholders' attention is hereby drawn to the Listing Requirements of the Bursa Malaysia Securities Berhad, which allows a member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, to appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities.*
4. *A member may appoint more than one (1) proxy provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Share Registrar's office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.*
6. *In respect to the deposited securities, only members whose name appear in the Record of Depositors on 18 May 2023 shall be eligible to attend the meeting or to appoint proxy to attend and/or vote on his behalf.*

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AFFIX
STAMP

THE SHARE REGISTRAR
CREST BUILDER HOLDINGS BERHAD
200201005719 (573382-P)

SHAREWORKS SDN. BHD.
NO. 2-1, JALAN SRI HARTAMAS 8
SRI HARTAMAS
50480 KUALA LUMPUR

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CREST BUILDER HOLDINGS BERHAD 200201005719 (573382-P)

Penthouse, The Crest, 3 Two Square, No. 2, Jalan 19/1
46300 Petaling Jaya, Selangor Darul Ehsan, Malaysia

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