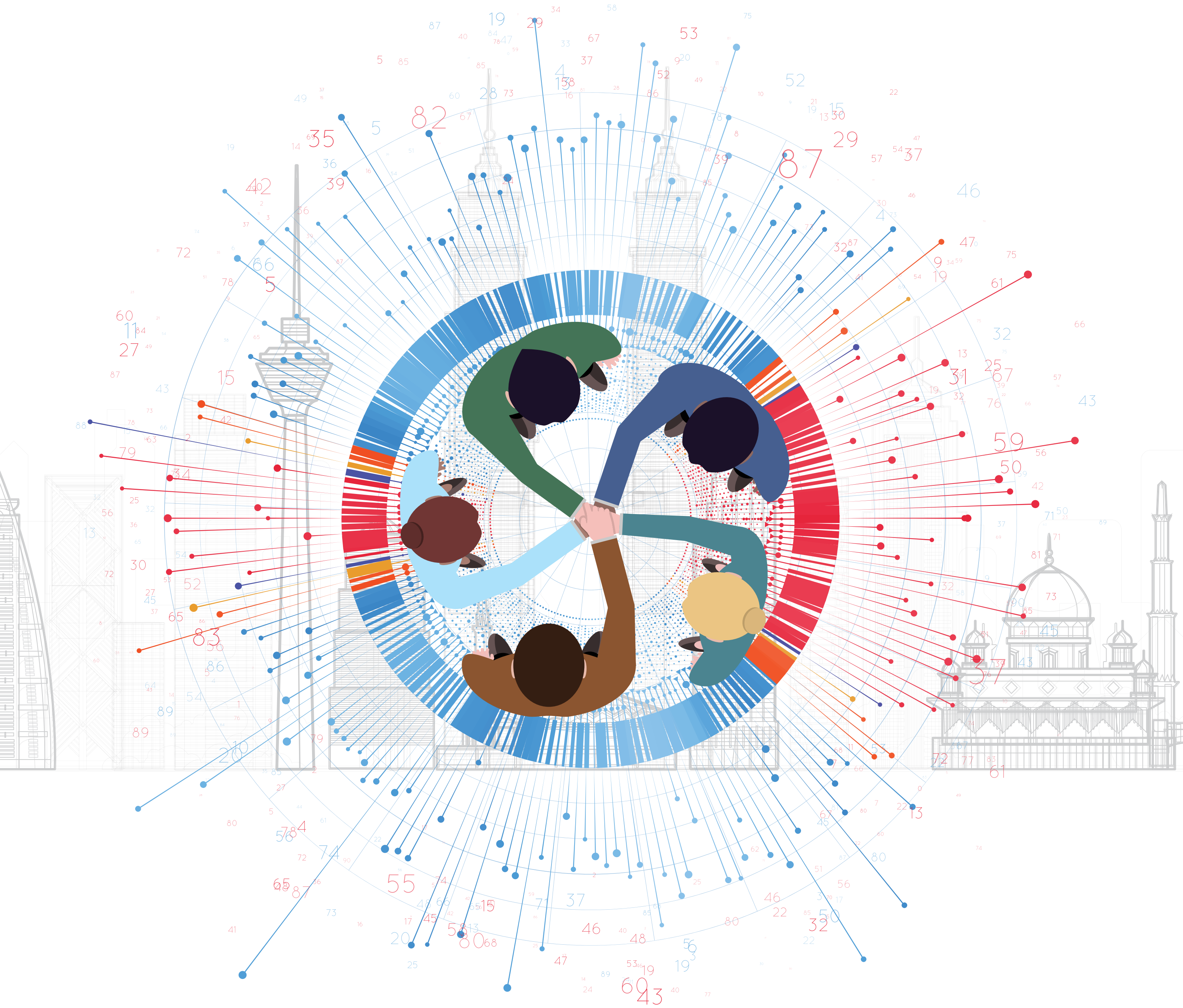
Central Global Berhad

201801036114 (1298143-T)

ANNUAL REPORT 2022



TEAMWORK

TEAMWORK

In order to follow the path that leads to greater expansion, Central Global Berhad established its presence in the manufacturing and construction industries with its comprehensive solution and capability. The Group strives to deliver the best, aims to grow bigger and greater than ever, setting a new vision to move forward.

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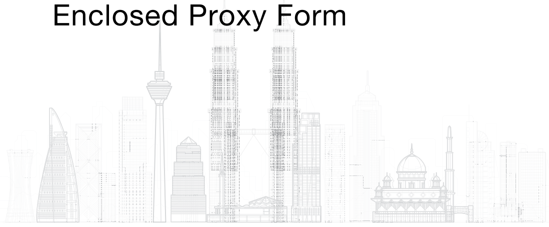


NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of Central Global Berhad ("CGB" or "the Company") will be conducted on a virtual basis at the Broadcast Venue at A5-06 Block A, Plaza Dwi Tasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on Wednesday, 21 June 2023 at 10.00 a.m. for the purpose of considering the following business:-

AGENDA
AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**

2. To approve the payment of Directors' fees and benefits amounting to RM214,000 and RM56,250 from this Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring in accordance with the Company's Constitution:-

   (i) Dato' Faisal Zelman bin Datuk Abdul Malik (Clause 78) **Ordinary Resolution 2**
   (ii) Encik Sahari bin Ahmad (Clause 78) **Ordinary Resolution 3**
   (iii) Madam Tan Suat Hoon (Clause 79) **Ordinary Resolution 4**

4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and authorize the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolution:-

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approval from other relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so allotted.

   AND THAT pursuant to Section 85 of the Companies Act 2016 to be read together with Clause 8 of the Company's Constitution, approval be and is hereby to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Companies Act 2016." **Ordinary Resolution 6**

6. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By order of the Board

LIM SECK WAH (SSM PRACTICING CERTIFICATE NO. 202008000054) (MAICSA 0799845)
KONG MEI KEE (SSM PRACTICING CERTIFICATE NO. 202008002882) (MAICSA 7039391)
Company Secretaries

Kuala Lumpur
Dated this 28th day of April 2023

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

Notes:-

(i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No shareholders/proxies from the public will be physically present at the meeting venue. Shareholders who wish to participate the Fourth Annual General Meeting will therefore have to register via the link https://vps.megacorp.com.my/S6v10B. Kindly refer to the annexure of the Administrative Notes for further information.

(ii) Only depositors whose names appear in the Record of Depositors as at 14 June 2023 shall be entitled to attend the Fourth Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.

(iii) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(iv) (a) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.

(vi) Except for body corporate, you have the option to register directly at https://vps.megacorp.com.my/S6v10B to submit the proxy appointment electronically not later than 19 June 2023 at 10.00 a.m. Kindly refer to the annexure of the Administrative Notes for further information.

(vii) All Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to AGM-support.CGB@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

NOTICE OF ANNUAL GENERAL MEETING
(cont'd)

Explanatory Notes to Ordinary Business and Special Business:-

1. The Audited Financial Statements is meant for discussion only as the provision in the Company's Constitution does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Authority to allot shares pursuant to Section 75 and 76 of the Companies Act 2016**

   The proposed Ordinary Resolution 6 is primarily to give flexibility to the Board of Directors to allot shares not more than 10% of the total number of issued shares at any time in their absolute discretion and for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/ diversification proposals involves the allotment of new shares, the Directors, under certain circumstances when the opportunity arises, would have to convene a general meeting to approve the allotment of new shares even though the number involved may be less than 10% of the total number of issued shares of the Company.

   In order to avoid any delay and costs involved in convening a general meeting to approve such allotment of shares, it is thus considered appropriate that the Directors be empowered to allot shares in the Company, up to any amount not exceeding in total 10% of the total number of issued shares of the Company at the time of submission to the authority, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

   As at the date of this Notice, no new shares in the Company were issued pursuant to this authority granted to the Directors at the Third Annual General Meeting held on 21 June 2022.

CORPORATE PROFILE

Central Global Berhad and its subsidiaries ("the Group") founded in 1972, is principally involved in manufacturing and construction.

The Group started as a pioneer in industrial hi-temp masking tapes manufacturing and expanded to become a one-stop solution provider for crepe paper masking. The Group's principal export markets for its manufacturing and trading products include Australia, New Zealand, USA, China, Thailand, India, Singapore, Indonesia, Vietnam, Brunei, Hong Kong, Japan, South Korea, Taiwan, Sri Lanka and Europe.

The Group subsequently expanded into the construction business through Proventus Bina Sdn. Bhd. and RYRT International Sdn. Bhd., with our projects mostly active in northern Peninsular Malaysia and East Malaysia.

The Group's vision is to be the leading brand in the industries we operate for our services and products, leveraging on our commitment and innovation to produce quality products while also offering top-notch services.

With reliable, formidable and trustworthy partners across the globe, the Group is poised to pursue excellence through our dedication and passion in bringing world-class services and products while creating long-term value for our clients and stakeholders.

GROUP STRUCTURE

As at 31 March 2023

Central Global Berhad

201801036114 (1298143-T)

- **100%** Central Industrial Corporation Bhd. (CICB)
  - **100%** CIC Marketing Sdn. Bhd. (CICM)
  - **100%** CICS Distributors Pte. Ltd. (CICS)
- **100%** CIC Construction Sdn. Bhd. (CICC)
  - **100%** Proventus Bina Sdn. Bhd. (PBSB)
  - **70%** RYRT International Sdn. Bhd. (RYRT)
- **100%** Central Global Construction Sdn. Bhd. (CGC)
  - **100%** Central Global Development Sdn. Bhd. (CGD)
- **100%** Central Global Technology Sdn. Bhd. (CGT)
- **100%** Central Global Energy Sdn. Bhd. (CGE)

GROUP STRUCTURE
As at 31 March 2023
(cont'd)

Central Global Berhad ("CGB") was incorporated in Malaysia under the Companies Act 2016 on 5 October 2018 as a public limited company. The principal activity of CGB is that of investment holding. The particulars of the subsidiaries are as follows:-

No.	Subsidiary Companies	Date and Place of Incorporation	Issued and Paid-up Share Capital	Effective Equity Interest	Principal Activities
1	Central Industrial Corporation Berhad 197201000543 (12186-K) ("CICB")	20 May 1972 / Malaysia	RM51,406,679.00	100.00%	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes.
2	CIC Construction Sdn. Bhd. 201701012369 (1226534-M) ("CICC")	12 April 2017 / Malaysia	RM100.00	100.00%	Investment holding, contractor of building and infrastructure and trading of building materials.
3	Central Global Construction Sdn. Bhd. 202101016146 (1416446-M) ("CGC")	30 April 2021 / Malaysia	RM750,000.00	100.00%	Construction of buildings.
4	Central Global Technology Sdn. Bhd. 202101024897 (1425197-X) ("CGT")	23 July 2021 / Malaysia	RM100.00	100.00%	Provision of information technology and related services.
5	CIC Marketing Sdn. Bhd. 199801015627 (471756-A) ("CICM")	10 November 1998 / Malaysia	RM1,000,000.00	100.00%	Marketing of self-adhesive label stocks and tapes.
6	CICS Distributors Pte. Ltd. ("CICS")	15 April 2002 / Singapore	SGD 100,000.00	100.00%	Trading of adhesive tapes.
7	Proventus Bina Sdn. Bhd. 201601036843 (1207784-D) ("PBSB")	3 November 2016 / Malaysia	RM5,593,749.00	100.00%	Contractor of building and general contract works and trading of building materials.
8	RYRT International Sdn. Bhd. 201901021133 (1330462-X) ("RYRT")	18 June 2019 / Malaysia	RM2,000,100.00	70.00%	Construction of buildings and other engineering projects.
9	Central Global Development Sdn. Bhd. 202201009848 (1455545-K) ("CGD")	17 March 2022 / Malaysia	RM100.00	100.00%	Investment holding and buying, selling, renting and operating of self owned or leased real estate of residential buildings and land.
10	Central Global Energy Sdn. Bhd. 202201007419 (1453116-K) ("CGE")	1 March 2022 / Malaysia	RM100.00	100.00%	Operation of general facilities that produce electric energy and construction of power plants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK
Non-Independent Non-Executive Chairman

MR. CHEW HIAN TAT
Group Managing Director

MR. LEE CHEE VUI
Executive Director

YM TENGKU DATO' INDERA ABU BAKAR AHMAD BIN TENGKU ABDULLAH
Independent Non-Executive Director

MR. LEE SWEE MENG
Independent Non-Executive Director

ENCIK SAHARI BIN AHMAD
Independent Non-Executive Director

MADAM TAN SUAT HOON
Independent Non-Executive Director

MR. LEE KING LOON
Independent Non-Executive Director
(Resigned on 30 December 2022)

AUDIT AND RISK MANAGEMENT COMMITTEE

Madam Tan Suat Hoon (Chairperson)
Mr. Lee Swee Meng
Encik Sahari Bin Ahmad

REMUNERATION COMMITTEE

Mr. Lee Swee Meng (Chairman)
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah
Encik Sahari bin Ahmad

NOMINATION COMMITTEE

Encik Sahari bin Ahmad (Chairman)
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah
Mr. Lee Swee Meng

SECRETARIES

Ms. Lim Seck Wah (MAICSA 0799845)
[SSM Practicing Certificate No. 202008000054]
Ms. Kong Mei Kee (MAICSA 7039391)
[SSM Practicing Certificate No. 202008002882]

REGISTERED OFFICE

Level 15-2,
Bangunan Faber Imperial Court,
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-26924271
Fax : 03-27325388

HEAD OFFICE

A5-06 Block A Plaza Dwi Tasik
Jalan 5/106
Bandar Sri Permaisuri
56000 Kuala Lumpur
Tel : 03-91718966
Fax : 03-91718922
Email : info@cgbgroup.com.my
Website : www.cgbgroup.com.my

PRINCIPAL BANKERS

Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad
RHB Bank Berhad
Hong Leong Bank Berhad

SHARE REGISTRAR

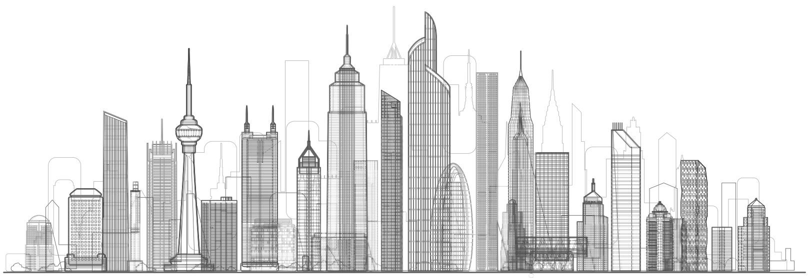
Mega Corporate Services Sdn. Bhd.
Registration No. 198901010682 (187984 H)
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-26924271
Fax : 03-27325388

EXTERNAL AUDITORS

Baker Tilly Monteiro Heng PLT
(LLP0019411-LCA & AF 0117)
Baker Tilly Tower, Lever 10
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur
Tel : 603-2297 1000
Fax : 603-2282 9980

STOCK EXCHANGE LISTING

Main Market of the
Bursa Malaysia Securities Berhad
Stock Code : 8052
Stock Name : CGB



PROFILE OF DIRECTORS
(cont'd)

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK
Non-Independent Non-Executive Chairman
Malaysian, 50 years old, Male

Dato' Faisal Zelman bin Datuk Abdul Malik was appointed to the Board of Central Global Berhad ("CGB") on 26 February 2021 as Executive Chairman. On 2 December 2021, Dato' was re-designated as Non-Independent Non-Executive Chairman.

Dato' Faisal Zelman started his career as Floor Trader Assistant of Future Trading Sdn. Bhd. in Malaysian commodities market in 1992. Later he joined RMT Metals Sdn. Bhd., a company that is listed in Metal Traders of the World, as Marketing Executive in 1993 to 2010.

Dato' Faisal Zelman holds a Diploma in Automotive Engineering from Bristol University, United Kingdom in 1997 and HND in Automotive Engineering from University of Loughborough, United Kingdom in 1998. He also holds a Degree in Business Administration from Western Michigan University in 1996 and a Master of Business Administration from Twintech International University College of Technology in 2019.

Dato' Faisal Zelman became the Managing Director of Ciscorp Sdn. Bhd. (formerly known as Semerak Services Sdn. Bhd.) from 2018 to 2021. He was also appointed as Director of Corporate Affairs for Fomema Sdn. Bhd. between 2019 to 2021. Dato' Faisal Zelman sat on the board of directors as Independent Non-Executive Director for various public listed companies, among which include Vizione Holdings Berhad (2020 to 2021), Avillion Berhad (2016 to 2019), Ire-Tex Berhad (2018 to 2019) and Scomi Group Berhad (2020).

Dato' Faisal Zelman has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

CHEW HIAN TAT
Group Managing Director
Malaysian, 49 years old, Male

Mr. Chew Hian Tat was appointed as Managing Director on 1 November 2021 and subsequently on 26 November 2021 he was redesignated as Group Managing Director.

He holds a Bachelor's degree in Business Administration from Open University of Malaysia. In 2021, he completed his Master in Business Administration from Twintech International University College of Technology.

Mr. Chew started his career in 1996 with Shanghai Chanda Steel Sales Co. in Shanghai, China where he mainly dealt in international trade and construction. In 2001, Mr. Chew embarked on his journey into entrepreneurship. Jointly with other partners, he established multiple companies, namely Bakat Bidara (M) Sdn. Bhd., Suria Pagi (M) Sdn. Bhd., Rimbu Selera (M) Sdn. Bhd., and Isoho Holding Sdn. Bhd. where the principal business is in various international trading.

Mr. Chew is an entrepreneur who believes in achieving excellence through determination and courage. Over the years, he has successfully diversified his business investment into various industries. At present, he is a director of the following companies:

1. HJT International (M) Sdn Bhd; a licensed multi-level direct selling company;
2. HJT Foods Technology (M) Sdn Bhd; a health and supplement product distributor;
3. IPS Mechanical Parking System (M) Sdn Bhd; a parking system IT company.

Mr. Chew has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

PROFILE OF DIRECTORS
(cont'd)

LEE CHEE VUI
Executive Director
Malaysian, 58 years old, Male

Mr. Lee Chee Vui was appointed as Executive Director on 1 April 2022. Mr. Lee has brought with him over 30 years of extensive experience in the construction industry. Over the years, he has been actively involved in different segments of the construction industry; in particular the infrastructure, building and real estate development. He obtained his Diploma in Electronic at Sandakan Vocational College Sabah and had served in various construction companies before embarking his career changing role as an entrepreneur in the construction industry.

Some of his more notable construction ventures which were completed and delivered under his leadership during his attachment to PowerDrive Fastening Systems Sdn Bhd (a sub-contractor under Malaysia-China Hydro joint-venture company) include:

- Bakun Hydroelectric Project (2006-2013)
- Bulatan Megawati Seksyen 20 Shah Alam (2003-2005)
- Wangsa Maju LRT station at Setiawangsa construction of Bridge, Tunnel, Retaining wall and roadworks (2014-2018)

Mr. Lee is presently the Managing Director of RYRT International Sdn Bhd. He is responsible for developing the business and marketing strategies to spearhead the overall business direction of the company. As a veteran in the construction industry, he is hands-on in leading big projects and has demonstrated the strong capabilities to manage all aspects of project implementations and executions. Mr Lee is also a director in Massive Calibre Sdn Bhd and Powerdrive Fastening Systems Sdn Bhd.

Mr. Lee has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

YM TENGKU DATO' INDERA ABU BAKAR AHMAD BIN TENGKU ABDULLAH
Independent Non-Executive Director
Malaysian, 38 years old, Male

Yang Mulia ("YM") Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah was appointed to the Board of CGB on 24 June 2021 as Independent Non-Executive Director. Tengku Abu Bakar holds a Bachelor of Business in Accounting from Swinburne University of Technology, Hawthorne, Australia.

YM Tengku Abu Bakar started his career with ING Funds Sdn. Bhd., a prestigious insurance company. He has a background in strategic planning, specialising in health-related, e-commerce and information technology businesses. He is currently the Chairman of Fomema Sdn. Bhd., which operates a foreign workers' medical examination screening system in Peninsular Malaysia, as well as Chairman of several other related companies. He is also a director of Bookdoc Holdings Sdn. Bhd., which operates a mobile application connecting patients with medical professionals.

Throughout his career, he has accumulated experience in dealing with multinational companies while providing guidance and support in the companies where he is a member of the board of directors.

YM Tengku Abu Bakar is also a member of the Nomination Committee and Remuneration Committee of CGB.

YM Tengku Abu Bakar has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

PROFILE OF DIRECTORS

(cont'd)

LEE SWEE MENG

Independent Non-Executive Director
Malaysian, 66 years old, Male

Mr. Lee Swee Meng was appointed as Independent Non-Executive Director on 19 November 2021. Concurrently, he is also the Chairman of the Remuneration Committee and as members of the Audit and Risk Management Committee and Nomination Committee of CGB.

Mr. Lee holds a Master's Degree in Business Administration from Phoenix International University, New Zealand in 2005, Sijil Amalan Guaman (Certificate in Legal Practice) from Lembaga Kelayakan Profesion Undang-Undang, Malaysia (Legal Profession Qualification Board) in 2003, Bachelor of Laws from University Malaya in 2002, and Sijil Guru (Teaching Certificate) from Maktab Perguruan (Teacher's College) in 1981.

He started off his career as a trained government school teacher for nine years (from 1975 to 1984). In November 1984, he joined the Royal Malaysian Police Force and in total he spent 33 years of service as a police officer. His last posting was as the Superintendent of Police as Deputy Officer-in-Charge of Police District, Subang Jaya prior to his retirement in 2017. In 2008, Mr. Lee was admitted to the Bar Council and upon retirement from the police force, he is currently the partner of Messrs SM Lee & Co (Advocates & Solicitors).

Mr. Lee has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

SAHARI BIN AHMAD

Independent Non-Executive Director
Malaysian, 67 years old, Male

En. Sahari Bin Ahmad was appointed as Independent Non-Executive Director on 29 December 2021. Concurrently, he is also the Chairman of Nomination Committee and as members of the Audit and Risk Management Committee and Remuneration Committee of CGB.

En. Sahari holds a Diploma in Business Studies from University Teknologi Mara, Sabah.

He started his career with Malayan Banking Berhad. He took up the role as a Sales Executive in Perkasa Trading Sdn. Bhd. from 1981-1991. From 1992-2002 he was appointed the Branch Manager in Sebor Sabah Marketing and Services Sdn. Bhd. In 2003 he joined DKSH Holdings (Malaysia) Berhad as a Sales Manager. 2007- 2015 he took up the position of Project Coordinator in Ladang Sri Delima Sdn. Bhd. Later, in 2016 he became the Project Consultant for Mega Hijau Makmur Sdn. Bhd. and Mega Green Energy Sdn. Bhd. He is currently the Group Consultant for Mahiribu Sdn. Bhd.

En. Sahari has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

PROFILE OF DIRECTORS
(cont'd)

TAN SUAT HOON
Independent Non-Executive Director
Malaysian, 54 years old, Female

Madam Tan Suat Hoon was appointed as Independent Non-Executive Director on 3 January 2023. At the same time, she was also appointed as the Chairperson of the Audit and Risk Management Committee of CGB.

Madam Tan is a qualified accountant and obtained her professional qualification from the Chartered Institute of Management Accountants, United Kingdom (CIMA) and the Association of Chartered Certified Accountants, United Kingdom (ACCA). She is presently a member of CIMA and Malaysian Institute of Accountants (Chartered Accountant). She has more than 20 years of experience in the corporate finance and advisory, debt capital market, accounting and finance, and financial consultancy and services. She was actively involved in initial public offerings, capital and fund-raising exercises, corporate restructuring, mergers and acquisitions, privatisation, take-overs, valuation of companies and project financing.

She began her career as an Audit Assistant with KPMG Peat Marwick (now known as Messrs KPMG) in 1992 and resigned in 1996 as Audit Senior. She joined Malaysian International Merchant Bankers Berhad (which was taken over by Eon Bank Berhad and subsequently by Hong Leong Bank Berhad) in 1996 as an Executive, Corporate Advisory and left in 2002 as a Manager, Corporate Advisory and Consultancy Services.

Madam Tan joined AmInvestment Bank Berhad as a Manager, Corporate Finance in 2002 and left in 2017 as Senior Vice President, Corporate Finance to join a private company as Group Senior Finance Manager. In 2018, she joined Kenanga Investment Bank Berhad as Senior Vice President, Corporate Finance and left in 2021 to join Texchem Resources Berhad group of companies until 2022.

Currently, she is the Chief Financial Officer of a private company and sits on the board of a private company.

Madam Tan has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. She has no conviction for offences within the past five (5) years other than traffic offences (if any).

PROFILE OF KEY SENIOR MANAGEMENT

YAP YIK YONG
Group Financial Controller
Central Global Berhad
Malaysian, 39, Male

Mr. Yap Yik Yong joined Central Global Berhad as a Group Financial Controller on 1 August 2022. Mr. Yap hold the Bachelor of Degree in Accounting/Finance from Charles Sturt University and Master of Business Administration from University of Southern Queensland.

Mr. Yap is a qualified accountant, a member of CPA Australia and Malaysian Institute of Accountants since the year 2009 and 2010, respectively.

Mr. Yap has more than 18 years of experience in the management of group of companies with diverse businesses experiences in Malaysia and oversea countries. His specialty areas include Group reporting, treasury management and budgeting, cost rationalisation, corporate finance, tax planning, risk management, investment evaluation, business strategies, merger and acquisition, Enterprise Resources Planning ("ERP") system implementation and operation management. His experience covers various industries such as real estate, construction, property development, manufacturing and oil and gas services.

Prior to joining Central Global Berhad, he had worked with a public listed company, Big four (4) accounting firm and several privately owned companies.

Mr. Yap has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

IR. BEH KIM BOON
Chief Operating Officer (West Malaysia)
(Construction & Development Division)
Malaysian, 52, Male

Ir. Beh Kim Boon joined CIC Construction Sdn. Bhd. (CICC) as Chief Executive Offier in 2021. He graduated with a Bachelor of Engineering (Hons) from University of Malaya in 1996 and obtained his Master of Business Administration in 2012. He became a Member of The Institution of Engineers Malaysia (MIEM) in 2004 and registered as Professional Engineer in 2005.

Ir. Beh has over 25 years of working experience mainly in infrastructure construction industry. In the early years of his engineering career, he worked as a Design Engineer in structural division of APG Structural Systems Sdn Bhd. He was involved in the project management and construction of the Kuala Lumpur Monorail and Putrajaya Monorail projects under Genesis Structural Systems Sdn Bhd.

Prior to joining Central Global Berhad, Ir. Beh was the GM of Vizione Holdings Berhad, a position he held since 2014. He built his credentials through a partnership construction company specialising in infrastructure and building construction works. Throughout his career, he gained experience in major infrastructure projects including suspension bridge, elevated highway structure, segmental bridge, precast concrete segment & guideway beam, prestressing and also launching work.

Ir. Beh has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

PROFILE OF KEY SENIOR MANAGEMENT
(cont'd)

LAU CHEE WAI
Chief Operating Officer (East Malaysia)
(Construction & Development Division)
Malaysian, 43, Male

Mr. Lau Chee Wai joined RYRT International Sdn Bhd ("RYRT") as a Contract Manager in December 2020. He was re-designated to Chief Operating Officer of East Malaysia for the Construction and Development Division effective 1 April 2022.

Mr. Lau holds a Diploma in Quantity Surveying from Tunku Abdul Rahman College. He carries with him 20 years of experience in the construction industry. He began his career with Powerdrive C&P Sdn Bhd in 2001 as a Quantity Surveyor, a position he held for five years. In 2006, he took up the position of Contract Executive with Sunrise Berhad for a brief period before moving to Petra Boiler Sdn Bhd as a Contract Manager in 2008. From 2010 to 2020, Mr. Lau joined Mahiribu Sdn Bhd ("Mahiribu") as a Contract Manager.

During the 20 years of his career, Mr. Lau was involved in a few large-scale construction projects such as: -

- Cadangan Membina dan Menyiapkan 8 no 25ton Bi-Drum Boiler Di Daerah Pahang-Felda 8 with Contract Value of RM64.850 million (completed in October 2010)
- Cadangan Membina Jalan Sambungan Dari Jalan 1/27A Ke Setiawangsa with Contract Value of RM41.787 million (completed in September 2019)
- Project Jalan Ke Mesej Mangalias, Tenom, Sabah with Contract Value of RM26.635 million (completed in May 2021)

Mr Lau is currently in charge of Projek Menaiktaraf Sistem Bekalan Air Di Lahad Datu Fasa 1 which carries a contract value of RM265 million. This project is anticipated to be completed by mid 2023.

Mr. Lau has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

SOO YEW SIN
Assistant General Manager
(Manufacturing Division-Production Plant)
Malaysian, 63, Male

Mr. Soo was appointed as Assistant General Manager of Central Industrial Corporation Berhad ("CICB") on 1st December, 2021. He holds a Master in Business Administration from Twintech International University College of Technology.

Mr. Soo has 40 plus years of experience in Automotives sector. Prior to joining CICB, he was the General Manager at EXEDY Group, a manufacturer and brand owner of "EXEDY Group" as General Manager whom is a manufacturer and brand owner of EXEDY Powertrain products for Automotive sectors. Mr Soo is responsible for Sales & Marketing (Domestic & International) (OE & OES), Purchasing (Domestic & International), Manufacturing, Admin & HR.

Mr. Soo has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

PROFILE OF KEY SENIOR MANAGEMENT
(cont'd)

YAO KEE KONG
General Manager
(Manufacturing Division- Marketing)
Malaysian, 42, Male

Mr. Yao was promoted to General Manager on 1 July 2021. He joined CIC Marketing Sdn. Bhd. ("CICM") on 3 January 2013 as Sales Manager and promoted to Assistant General Manager on 1 September 2019. He holds a Diploma in Science of which he attained in the year 2002 from Tunku Abdul Rahman College (TARC). He obtained his Professional Certificate in Professional Marketing (Level 4) from The Chartered Institute of Marketing (UK) in 2015.

Prior to joining CICM, Mr. Yao was the Assistant Sales Manager (Tapes) for Swiss based multinational, DKSH Holdings Berhad. Before DKSH, he was the Sales and Marketing Manager for Superb Shield Sdn. Bhd., whose principal activities are in the trading of industrial products such as Protection Film, PSA Tapes and Resins Pellet. He was responsible for South East Asia region.

Mr. Yao has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

TERENCE YEE WAI LEONG
Regional Manager
(Manufacturing Division-
Singapore Sales)
Singaporean, 44, Male

Mr. Yee joined CICS Distributors Pte. Ltd. ("CICS") on 1 July 2012 as Assistant Sales Manager. He holds a Diploma in International Business which he attained in 2001 from Southern Cross University, Australia. He obtained his Professional Certificate in Electroplating in 2004 from Singapore Surface Finishing Society and a Certificate in Finance for Non-Finance Managers in 2018 from Temasek Polytechnic.

Prior to joining CICS, Mr. Yee was the Assistant Manager of Business Development for UK based Diesel Marine International whose principle activities are in the reconditioning of key engine component. He also held the portfolio of trading industrial products such as Loctite adhesive and sealants, responsible for South East Asia.

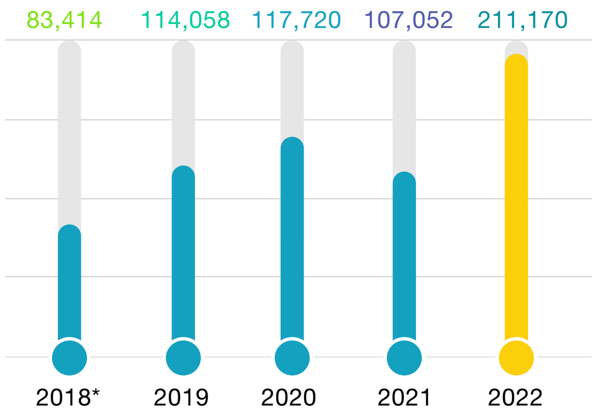
Mr. Yee has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for offences within the past five (5) years other than traffic offences (if any).

KEY FINANCIAL HIGHLIGHTS

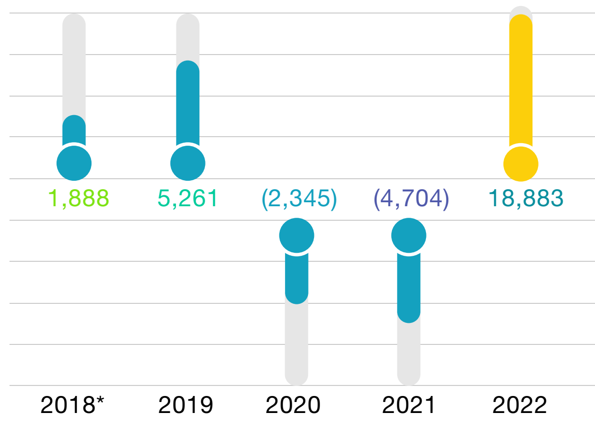
Description	2022 RM'000	2021 RM'000 Restated	2020 RM'000	2019 RM'000	2018* RM'000
Revenue	211,170	107,052	117,720	114,058	83,414
Earnings Before Interest, Tax, Depreciation and Amortisition ("EBITDA")	18,883	(4,704)	(2,345)	5,261	1,888
Profit / (Loss) Before Tax	17,011	(6,719)	(5,755)	1,269	(968)
Profit / (Loss) After Tax	13,131	(7,093)	(5,516)	422	(3,806)
TOTAL EQUITY	99,959	48,695	46,833	52,545	52,121
TOTAL ASSETS	189,510	104,439	85,691	85,318	82,370

* Based on the audited consolidated financial statements of Central Industrial Corporation Berhad prior to the re-organisation exercise on 18 June 2018

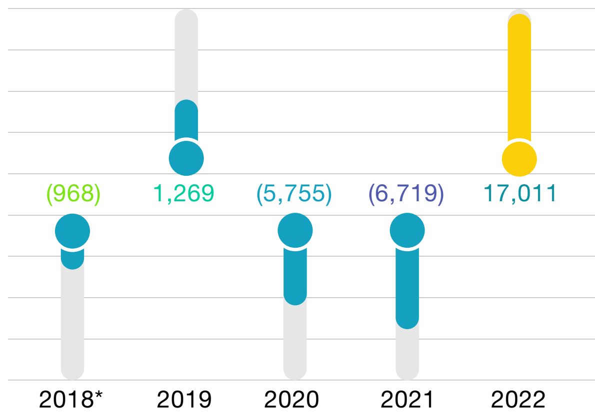
Revenue (RM Million)



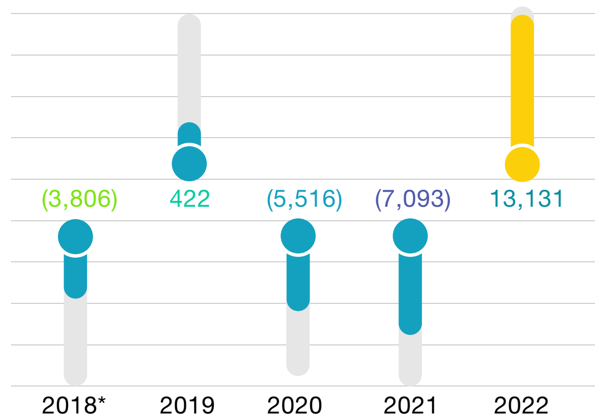
EBITDA (RM Million)



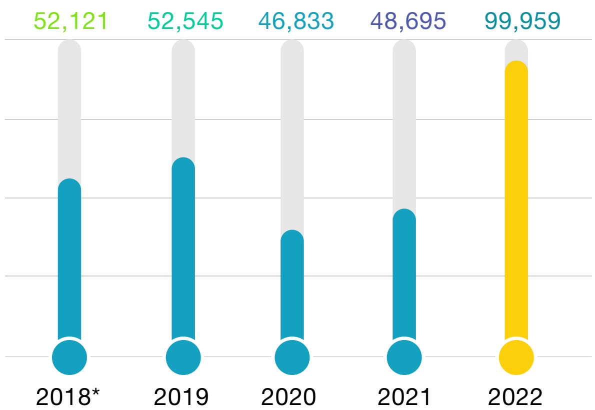
Profit / (Loss) Before Tax (RM Million)



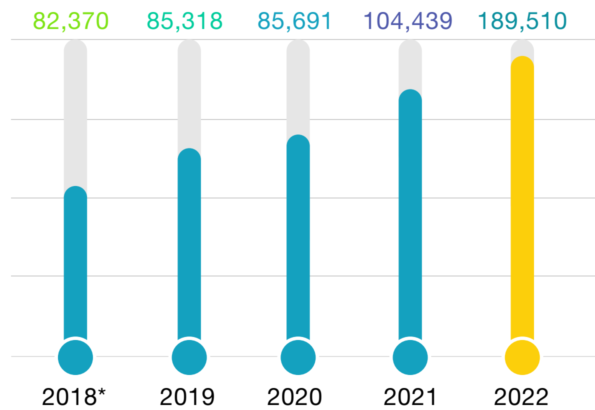
Profit / (Loss) After Tax (RM Million)



Total Equity (RM Million)



Total Assets (RM Million)



CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Central Global Berhad ("CGB" or the "Group"), I am pleased to present the Annual Report and Consolidated Financial Statements for the Financial Year Ended 31 December 2022 ("FYE 2022").

2022: A YEAR TO REMEMBER

The year was once again characterised by the need to respond to COVID-19 measures taken by governments around the globe as economies began to reopen all over the world. In addition, the world was also faced with the implications of the Russia-Ukraine war which led to significant disruptions in global supply chains, and a sharp hike in food and energy prices.

Despite the volatile and challenging scenario, we were fortunate to chart growth throughout the year under review. We began the year in a big way with our acquisition of a 70% equity in RYRT International Sdn. Bhd. ("RYRT"). The transfer of the final tranche of consideration shares from CGB to RYRT was completed in December 2022 after the fulfilment of the terms of the Sale & Purchase and Profit Guarantee Agreement which saw RYRT successfully delivering RM22.85 million in net profit for the financial year ended 31 August 2022.

The acquisition was not only a triumphant venture for the Group as it catalysed our foray into the infrastructure construction sub-sector but it was also complementary to our existing residential construction business segment and altogether fortified our offering in the construction industry. Our residential construction segment under Proventus Bina Sdn. Bhd. continued to bag significant contracts throughout the year including a RM77.34 million contract for the construction of high-rise residential buildings in Penang.

In another bid to break into a new business segment and simultaneously diversify our revenue streams, we had also made a big leap in the renewable energy segment through a Memorandum of Understanding with JJ-LAPP (M) Sdn. Bhd., a renowned name in the cable and connectivity solutions sector in ASEAN.

We also notched another milestone in 2022 through the 50th Anniversary of our wholly-owned subsidiary Central Industrial Corporation Berhad ("CICB") in May 2022. To commemorate the momentous occasion, we unveiled a new logo to mark CICB's evolution throughout the years. Not only that, we had also launched a few new products which are aimed at capturing new markets and expand old ones.

CHAIRMAN'S STATEMENT
(cont'd)

2023 OUTLOOK

Following a strong rebound in 2021, the global economy is entering a pronounced slowdown amidst fresh threats from COVID-19 variants and a rise in inflation, debt, and income inequality that could pose threats to the recovery in emerging and developing economies. The World Bank in its Global Economic Prospects report has forecasted global growth to decelerate from 5.5% in 2021 to 4.1% percent in 2022 and 3.2% in 2023 as pent-up demand dissipates and as fiscal and monetary support is unwound across the globe.

Against this subdued outset, the 2022 Malaysian economy experienced its fastest growth rate in two decades, expanding 8.7%. However, Malaysia's Central Bank expects gross domestic product ("GDP") growth to moderate between 4% and 5% going into 2023, amidst a global slowdown citing further escalation of geopolitical tensions, re-emergence of significant supply chain disruptions and higher interest rates globally as potential risks.

Despite the challenging environment, the global construction market is anticipated to rise at a considerable compound annual growth rate ("CAGR") of 6.5% between 2023 and 2028 to attain approximately USD18.59 trillion from USD12.74 trillion in 2022. On the domestic front, the Ministry of Finance in its Economic Outlook 2023 report forecasted that the construction sector is projected to improve with the acceleration of existing infrastructure projects and higher private investment that would increase demand for more commercial and residential buildings.

Key growth drivers for the sector lie in the improvement in private investment and robust domestic economic activities which would lead to an increased demand for more industrial buildings. In addition, the acceleration of major infrastructure projects will also contribute to the sector's growth. At the same time, the development of residential property is expected to remain active supported by continuous implementation of measures under the Budget 2022 including a total government guarantee of up to RM2 billion to banks via *Skim Jaminan Kredit Perumahan* as well as housing projects for low-income group with an allocation of RM1.5 billion.

In 2022, our construction segment led by our subsidiaries Proventus Bina Sdn. Bhd. and RYRT International Sdn. Bhd. continued to clinch contracts in both the infrastructure and residential construction subsectors after a harrowing period resulting from the pandemic. Currently, we have several active construction projects namely the construction of high-rise residential buildings in Penang, the construction of the Semawang-Tanjung Kuala Gum Gum Road project, the Phase 1 of upgrading works for the Lahad Datu Water Supply System, and the repair works in Sri Putatan, Lahad Datu, Sabah, amongst others. As it stands, our construction segment's unbilled order book stands at RM383.5 million as at 31 December 2022, and we expect a healthy replenishment of construction projects to keep us busy in the upcoming financial year.

Similar to the construction industry, the global industrial tapes market is also expected to experience growth, reaching USD97.4 billion by 2028 from USD65.8 billion in 2022. This would translate to a CAGR of 6.76% during the forecasted period. We foresee the industry's growth to continue to be driven by a number of factors including an increase in overall demand due to the burgeoning need for packaged goods.

Given the upbeat economic and industrial prospects, we are hopeful of a sustainable value-creating business in the upcoming year especially with the expansion plans we have in store. For a start, additional mixers were successfully installed in our Sungai Petani manufacturing plant and began commissioning in August 2022. Since then, our manufacturing output has increased by 20% to 215 metric tonnes.

In line with our intention to increase our production, we have earmarked RM62.3 million for capital expenses which will be mainly utilised to further our expansion plans. This includes investing in new coater machines that we intend to install by mid-2023. With the installation of the new coater machines as well as the new production lines, we expect a greater increase in our production efficiency and our productivity.

Meanwhile, we have also taken a step forward to grow our renewable energy segment. As of the time of writing, we are actively looking into opportunities that are in line with our vision of creating a sustainable business and subsequently long-term value for our shareholders.

The past year has been good to us and we believe the year ahead promises new growth paths for all of our business segments. We have all the building blocks in place; high quality products, top-notch services, and a strong business strategy. It is with these we will move forward, riding on our growth momentum and strive to ensure all subsidiaries will remain not only profitable but also self sufficient in the long run.

APPRECIATION

CHAIRMAN'S STATEMENT
(cont'd)

I am truly grateful to my fellow members of the Board for the unwavering support and the wisdom they bring to the Group. On that note, please allow me to put on record our gratitude to Mr. Lee King Loon for his faithful service as our Independent Non-Executive Director. His contribution and guidance have been invaluable and we bid Mr. Lee a fond farewell.

At the same time, we welcomed to the Board the addition of Mr. Lee Chee Vui as our Executive Director and Madam Tan Suat Hoon as our Independent Non-Executive Director. We look forward to their firm hand and good counsel as we continue to transform CGB into a giant in the industries we operate in.

On behalf of the Board, I would also like to record our note of appreciation for the efforts of the Management team and all members of the growing CGB family. Your hard work, commitment and contribution have been instrumental to the Group's achievements, and I am ever optimistic that we will continue providing the highest standard of excellence to create value that our customers, business partners and associates, investors, and shareholders have come to expect of us.

Last but not least, on behalf of the Group, I would like to extend our heartfelt gratitude to our valued stakeholders, including our business associates and partners, investors, shareholders and customers. Thank you for your patronage, and unwavering support and confidence in us.

Dato' Faisal Zelman Bin Datuk Abdul Malik
Non-Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Stakeholders,

The financial year ended 31 December 2022 (“FY2022”) marked a significant milestone for Central Global Berhad and its subsidiaries (“CGB Group” or “the Group”). Our consolidated revenue in FY2022 was almost double, compared with the last financial year and it marked our first profitable financial year after suffering losses in the past two (2) consecutive financial years.

FINANCIAL AND OPERATIONAL REVIEW

Segmental Contribution

		Revenue RM'000	%	EBITDA RM'000	%	PBT RM'000	%	PAT RM'000	%
2022	Manufacturing & Trading	57,610	27%	(277)	-1%	(1,249)	-7%	(1,109)	-8%
	Construction	153,559	73%	21,509	116%	20,909	123%	16,889	129%
	Others	-	0%	(2,641)	-14%	(2,649)	-16%	(2,649)	-20%
		211,170	100%	18,591	100%	17,011	100%	13,131	100%

		Revenue RM'000	%	EBITDA Restated RM'000	%	PBT Restated RM'000	%	PAT Restated RM'000	%
2021	Manufacturing & Trading	60,137	56%	1,969	-41%	1,129	-17%	755	-11%
	Construction	46,915	44%	(4,540)	95%	(5,657)	84%	(5,657)	80%
	Others	-	0%	(2,187)	46%	(2,192)	33%	(2,192)	31%
		107,052	100%	(4,757)	100%	(6,719)	100%	(7,093)	100%

For the financial year under review, our Group registered a consolidated revenue of RM211.17 million, an increase of RM104.12 million or 97.3% from RM107.05 million revenue in the preceding financial year. Consequently, our Group registered a Profit Before Tax (“PBT”) of RM17.01 million, compared to RM6.72 million loss registered in the previous financial year.

The Group’s consolidated Profit After Tax (“PAT”) was RM13.13 million as compared to last year’s loss of RM7.09 million, a significant improvement of RM20.22 million, attributable to the business turnaround in our Construction Business Segment.

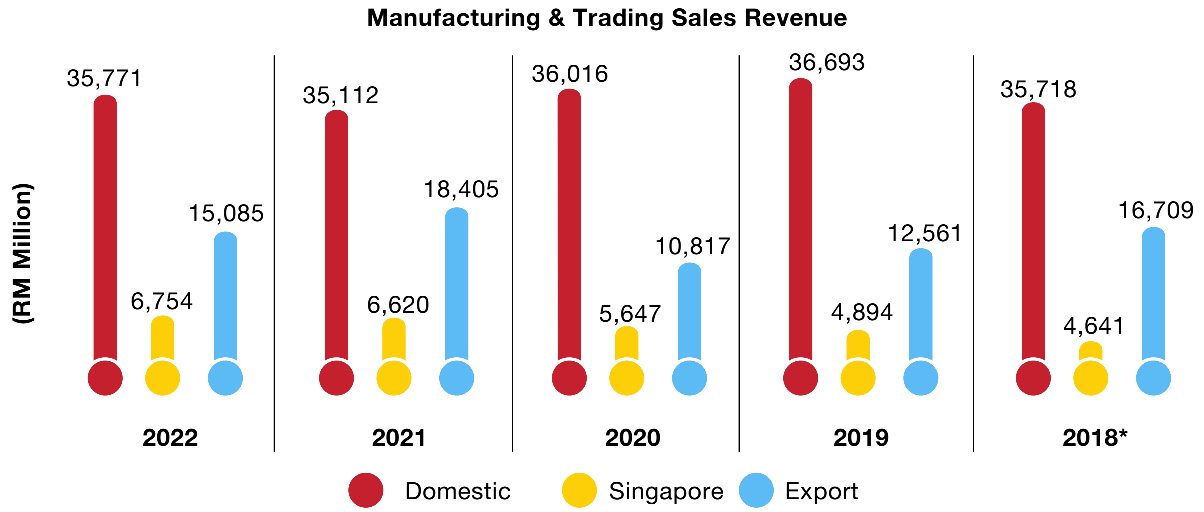
Manufacturing & Trading Business Segment

For the year under review, the market performance for our Manufacturing & Trading Business Segment has not recovered from the aftereffects of the Covid-19 pandemic and the uncertainties posed by the global economy. The significant increase in the logistic and material costs has even compounded the challenges that our Manufacturing & Trading Business Segment is facing, with our profit margin further compressed during FY2022.

As a means to mitigate the increase in material costs and elevate our competitiveness, the Group has continued to explore and expand our raw materials sources, both locally and overseas. The exercise undeniably took longer and tougher than we had initially anticipated. The consideration to switch raw material suppliers to local suppliers or suppliers from the neighboring countries has not been easy, especially as manufacturing top quality products is a priority high on our agenda.

Our commercial team has continued to follow the market conditions closely, from time to time, for possible price adjustments but unfortunately the time was not in our favor for any upward price adjustment. The market competition, especially on our export market has become even more intense during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)



Manufacturing & Trading Sales Revenue

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018* RM'000
Domestic	35,771	35,112	36,016	36,693	35,718
Singapore	6,754	6,620	5,647	4,894	4,641
Export	15,085	18,405	10,817	12,561	16,709
	57,610	60,137	52,480	54,148	57,068

* Based on the audited consolidated financial statements of Central Industrial Corporation Berhad prior to the re-organisation exercise on 18 June 2018.

Although we maintained a high performance in both the domestic and Singapore markets with RM35.77 million and RM6.75 million sales respectively recorded in FY2022, our export sales recorded a drop of RM3.32 million or 18.0% from RM18.41 million in the preceding financial year to RM15.09 million in FY2022.

The intense competition in the export market, especially from China, has continued to put pressure on our sales and margin for export market. At the same time, the management took a prudent approach and recognised a RM0.61 million impairment loss on our aged inventories.

Consequently, our Manufacturing & Trading Business Segment recorded a Loss Before Tax and Loss After Tax of RM1.25 million and RM1.11 million respectively in FY2022.

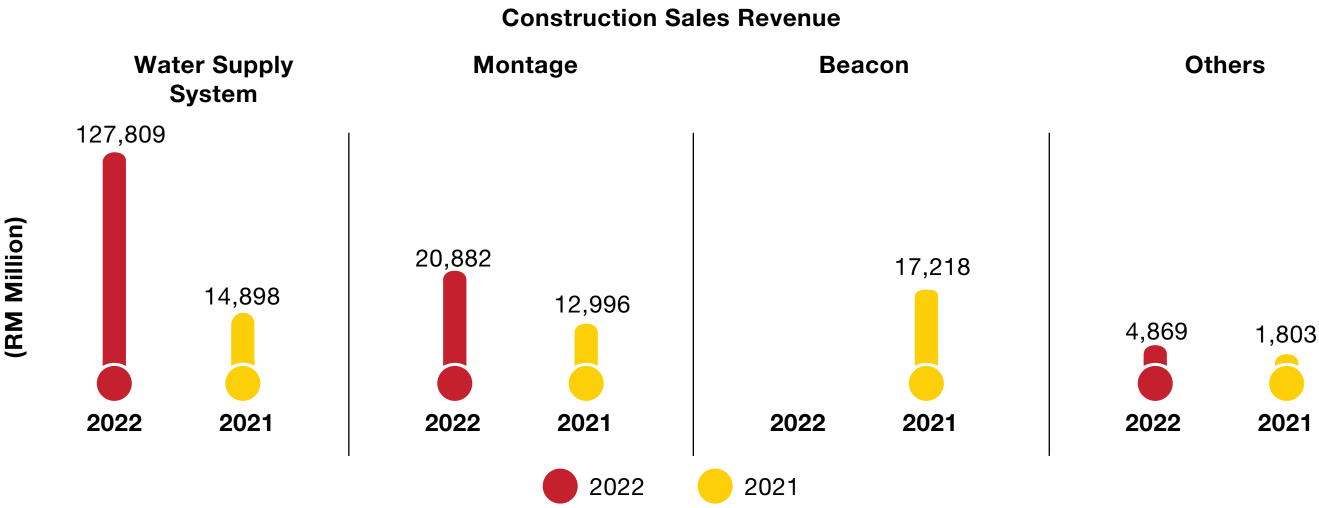
Construction Business Segment

The FY2022 marked a significant milestone for our Construction Business Segment which saw RYRT International Sdn. Bhd. ("**RYRT**") becoming our 70%-owned subsidiary on 20 April 2022 through our wholly-owned subsidiary, CIC Construction Sdn. Bhd. with purchase consideration of RM26.92 million by way of issuance of 28.94 million shares of Central Global Berhad.

The acquisition of RYRT, which is equipped with the necessary resources and manpower, was one of our strategic steps to venture into the infrastructure construction market. The acquisition has proven to be highly beneficial as it contributed sales revenue of RM102.45 million, PBT of RM17.85 million and PAT of RM12.37 million to the Group in FY2022.

Proventus Bina Sdn. Bhd. ("PBSB"), another subsidiary in the Construction Business Segment also recorded a commendable financial result with sales revenue of RM47.05 million, and PBT and PAT of RM3.29 million in FY2022. This marked PBSB's turnaround after having suffered losses in the past two financial years as a result of the Covid-19 pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)



	2022 RM'000	2021 RM'000
Water Supply System	127,809	14,898
Montage	20,882	12,996
Beacon	-	17,218
Others	4,869	1,803
	153,559	46,915

Our construction revenue for FY2022 was mainly contributed by our on-going Water Supply System project in Lahad Datu, Sabah with RM127.81 million, a significant increase of RM112.91 million or 757.9% from RM14.90 million recorded in the last preceding financial year. The significant increase was mainly attributable to the accelerated works progress and also revenue contribution from RYRT for the same project.

Another on-going project, Montage project also recorded an improvement in the revenue by RM7.88 million or 60.7% from RM13.00 million to RM20.88 million in FY2022. The higher works progress in the Montage project in FY2022 was after much disruption from Movement Control Order and its related compliance and disruptions in last preceding financial year.

The FY2022 also marked the successful completion of the Beacon project with the Certificate of Practical Completion of the project received on in January 2022.

As a sum, our Construction Business Segment recorded major improvements in FY2022 with sales revenue of RM153.56 million, PBT of RM20.91 million and PAT of RM16.89 million.

FUTURE PROSPECT

Manufacturing & Trading Business Segment

The challenges in the Manufacturing & Trading Business Segment on the market uncertainties, escalating freight costs, logistical disruptions and fluctuations in the costs of raw materials will remain in the coming financial year. The key components for the Group to improve on our business performance are to further enhance our supply chain management, effective management and rationalisation of our manufacturing costs and strategic partnerships in the marketing of our products.

Discussions have been on-going with several parties to achieve these key objectives and the Group is hopeful that these could be concluded soon in the coming financial year.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

Construction Business Segment

The Group expects the Construction business segment to record another excellent performance in the coming financial year, supported by the current unbilled order book of RM383.52 million as at 31 December 2022.

The Group is optimistic on our prospects in the Construction Business Segment where the Group is currently in discussion and/or tenders in several opportunities under the Government's 12th Malaysia Plan.

The current focus of the Group in the Construction Business Segment are on the efforts to replenish and build up the construction order book, and to successfully and smoothly complete the current on-going projects timely as per existing contracts.

Barring any unforeseen circumstances, the management expects the Group to perform satisfactorily for the financial year ending 31 December 2023. The Group is consistently on the lookout for growth opportunities in other related industries and/or markets, potentially via joint venture arrangement, and merger and acquisition as a means to enhance further our shareholders' value.

SUSTAINABILITY STATEMENT

MESSAGE FROM THE CHAIRMAN

As we transition into endemicity and the reopening of international borders, we grapple with numerous issues plaguing the construction industry. Most notable are the rising construction cost, increase in the minimum wage, increase in preliminaries to house the workers, and cash flow faced by contractors.

In reporting our efforts for sustainability, Central Global Berhad ("CGB" or "the Group") has taken numerous initiatives to mitigate the above-rising cost and position ourselves to sustain our growth moving forward. We will continue to be vigilant in containing our operational costs, ensuring continuous development and improving our commitment to reduce the operating cost associated with the construction sector and manufacturing sector.

Lastly, we would like to thank our shareholders and investors for supporting us through these trying times. We will always persevere as we move forward into the next financial year.

Dato' Faisal Zelman Bin Datuk Abdul Malik

SUSTAINABILITY STATEMENT
(cont'd)

Sustainability Topics Discussed by the Group's Sustainability Committee ("the Committee")

Safety and Health

Our employees' and contractors' safety and health are crucial, and our utmost priorties. The Committee reviewed safety performance at every meeting and agreed on measures to keep employees and contractors safe, including:-

1. Supply masks and personal protective equipment ("PPE") to our operations personnel, enforce physical distancing and hygiene rules, and adapt our production sites and offices to mitigate related risks.

2. Members' discussion on safety performance and selected incident investigation outcomes, if any.

3. Ensure all employees are equipped with the necessary health and safety training as the law requires.

The Committee received an update on training, engagement, and monitoring of incidents and investigations, including the lead-up to the major maintenance shutdown. The Committee reviewed safety and health rates such as incident, severity and frequency. Barriers to achieve our safety and health milestones were noted to include gaps between the performance of our recent version and the Group's standards, with measures put in place to address this, including training and ongoing engagement with sites.

Climate Crisis

The Committee focused on climate-related risks and opportunities due to climate change. Key areas assessed in year 2022 were environmentally friendly packaging material used for packing the adhesive tapes, the material used in production operations, and the use of environmentally friendly materials for the construction sector. The Committee will review financial results, estimated financial impacts for non-compliance, and the need for ongoing refinement given the high uncertainty around the impact quantification over long time horizons.

Human Rights

The Committee discussed the Group's progress in assessing its human rights risks, including an overview of processes and procedures to address potential risks of human trafficking and modern slavery. Discussions included developments in the Responsible Procurement process and our internal assessment of Supplier Audit on human rights due diligence and policy development to be refined and developed in the next financial year.

Stakeholders participation

Last year, the Committee did not engage stakeholders to provide input on the critical issues due to COVID-19 given our primary focus was staff welfare and well-being. For the financial year ended 31 December 2022 ("FYE 2022"), the Group has conducted the material assessment, and more can be found on page 31.

Engaging our shareholders

The Group regularly engaged with several key institutional investors to provide financial updates and an update on key sustainability efforts during the reporting period. The Committee reviewed the Group's relationships and engagement with key stakeholders.

1.0 ABOUT THIS SUSTAINABILITY STATEMENT

This statement has been designed to showcase the initiatives and activities surrounding sustainability carried out by CGB under the Group's subsidiary companies as outlined in the Corporate Structure of the Annual Report pages 6 and 7, and has included the considerations and interests of key stakeholders. The Group hopes that this statement provides comprehensive and accessible information on the Group's strategy towards sustainability, the rationale behind these initiatives, and the relevant data points based on recognised international reporting standards.

SUSTAINABILITY STATEMENT
(cont'd)

2.0 SCOPE OF THIS STATEMENT

The statement covers our consolidated entities' sustainability efforts and performance from 1 January 2022 to 31 December 2022. The content of this statement will focus on the Group's sustainability performance, activities and initiatives.

Material issues and topics described in this report have been selected according to their significance level within the Company's boundaries, the sustainability's context and materiality, and our core business operations.

This statement serves as a baseline for future reporting and will primarily cover the Group's initial sustainability data which will be used to improve along our sustainability journey henceforth.

3.0 MEMBERSHIP

The Group is an active member of the following organisations:-

1. The Federation of Malaysian Manufacturers
2. GS1, Malaysia
3. Malaysian Employers Federation
4. Penang Chinese Chamber of Commerce
5. Master Builders Association Malaysia
6. Federation of Public Listed Companies Berhad

4.0 GROUP STRUCTURE

Central Industrial Corporation Berhad ("CICB") was incorporated on 20 May 1972 in Malaysia as a private limited company, a one-stop solution provider for crepe paper masking for automotive, painter and industrial applications. The Company was listed on Bursa Malaysia on 23 May 1989 and assumed its current name.

The Group incorporated a new investment holding company, Central Global Berhad, on 26 February 2019 as part of the internal reorganisation of the Group. CICB was made a 100% subsidiary of CGB on 18 June 2019.

CGB is an investment holding company with its subsidiaries principally involved in the manufacturing and construction segments.

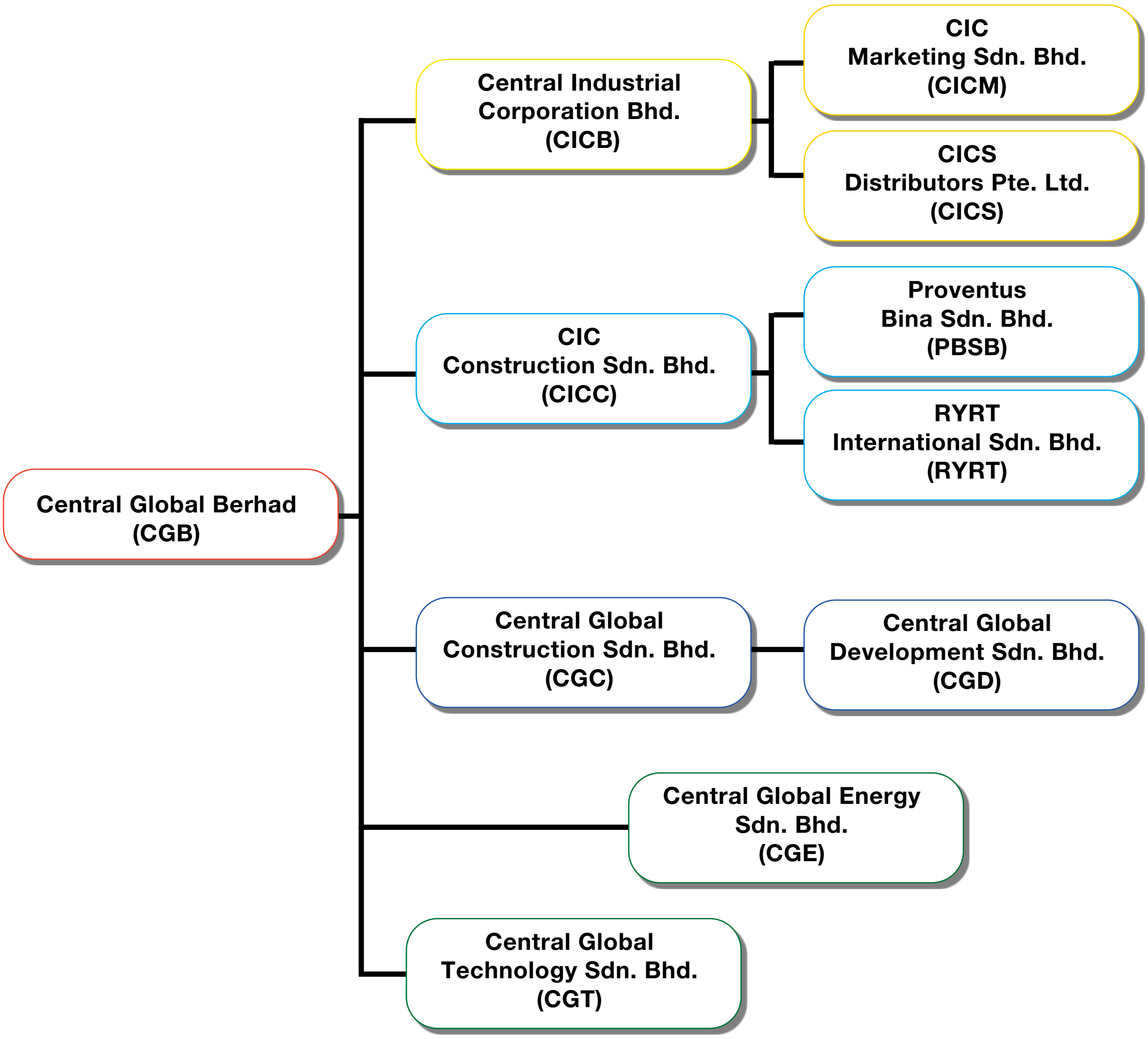
The Group pioneered industrial high-temperature resistant masking tape manufacturing and has expanded to become a one-stop solution provider for crepe paper masking. The Group's principal export markets include Australia, New Zealand, the USA, China, Thailand, India, Singapore, Indonesia, Vietnam, Brunei, Hong Kong, Japan, South Korea, Taiwan, Sri Lanka and Europe.

The Group expanded into the construction business in year 2019 through Proventus Bina Sdn. Bhd., and has been mostly active with projects in the northern region of Peninsular Malaysia.

On 20 April 2022, the Group completed another acquisition, RYRT International Sdn. Bhd. for 70% equity shares, signifying the Group's venture into the infrastructure construction industry.

SUSTAINABILITY STATEMENT
(cont'd)

4.0 GROUP STRUCTURE (CONT'D)



5.0 REPORT METHODOLOGY

This statement is prepared in compliance with the Bursa Sustainability Reporting Guide (2nd Edition). The primary components of Bursa sustainability reporting requirements that we have sought to include in this report covers:-

1. ***Material Environmental, Social, and Governance ("ESG") factors***

   Material ESG factors are elaborated on page 31 of this statement. The Group conducted a materiality assessment with internal and external stakeholders to identify material matters important to the organisation and its stakeholders.

2. ***Policies, Practices, and Performance***

   The policies, procedures, and performance for each material matter are elaborated in the sections below. The Group understands the need to improve the performance of ESG matters, and we hope to include targets in future reports.

SUSTAINABILITY STATEMENT
(cont'd)

5.0 REPORT METHODOLOGY (CONT'D)

3. Sustainability Governance

The statement from our Chairman highlights how the Board views sustainability issues as a component of the Group's strategic formulation. We have elaborated further on how the Board oversees ESG issues throughout the organisation in the section titled "Sustainability Governance."

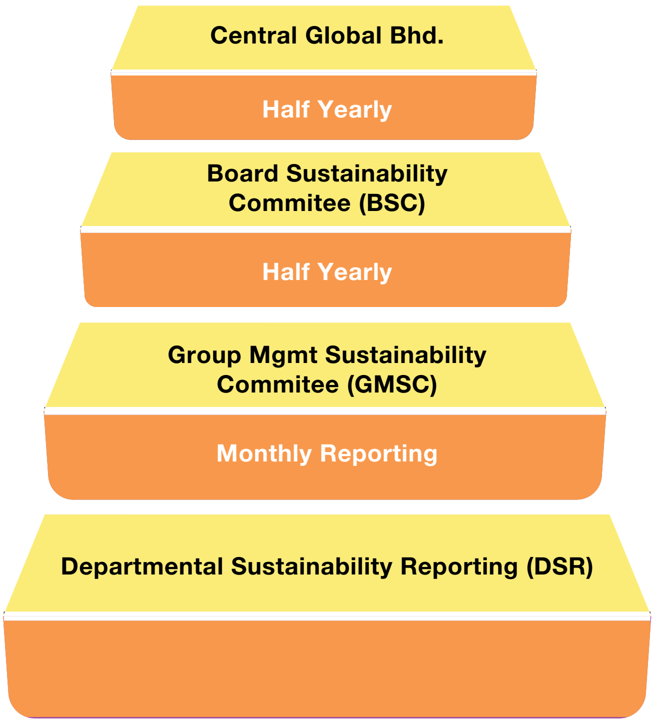
We aim to fully incorporate ESG factors pertinent to our business for the benefit of our stakeholders. Being transparent on these issues ensures that our stakeholders can better assess our initiatives.

6.0 SUSTAINABILITY GOVERNANCE

Sustainability governance encapsulates the systems and controls for the Group's sustainability activities. The system encompasses policies, processes, and people, which are necessary to meet the expectations of all stakeholders with integrity, respect, transparency, and responsibility.

Under the Group's Sustainability Policy, the Board oversees the strategic direction of the sustainability initiatives throughout the Group. The Management team provides the necessary oversight for the implementation and the outline of the reporting structure for Sustainability Governance. The Group's sustainability governance is led by the Board Sustainability Committee ("BSC"). The BSC oversees the Group's sustainability strategy and issues, including ESG targets, performance, progress, and scorecard. The BSC meets at least twice a year and is supported by Group Management Sustainability Committee ("GMSC") and the Departmental Sustainability Reporting ("DSR") on sustainable development.

The Structure of our Sustainable Governance Group is as follows: -



Sustainability Governance Practices as per Bursa Malaysia Corporate Governance Guide.

Practice 4.1

We strive to embed sustainability in our business management and operations to move towards our Sustainability Goals and Targets. Each of our business division is responsible for allocating resources for sustainability initiatives to be incorporated into their annual business plans, and their targets are also aligned with the Group's sustainability initiatives.

SUSTAINABILITY STATEMENT
(cont'd)

6.0 SUSTAINABILITY GOVERNANCE (CONT'D)

The Structure of our Sustainable Governance Group is as follows: - (Cont'd)

Sustainability Governance Practices as per Bursa Malaysia Corporate Governance Guide. (Cont'd)

Practice 4.2

We regularly communicate our sustainability strategies, priorities, targets and performance to our internal and external stakeholders via various platforms and channels. Among them are the Annual Report and Sustainability Statement, employee engagement trainings and programmes, town hall by Senior Management, analyst and investor presentation updates, media releases and the Group's corporate website. Moving forward, the Group will also initiate ESG awareness programmes for all its employees by rolling out training programmes for all staff.

Practice 4.3

We take appropriate action to ensure that the Group stays abreast of and understands the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities. The Board also attends training sessions on sustainability, receives regular updates from the authorities and regulators and engages with the media to highlight the Company's strategies, initiatives and achievements relating to sustainability.

Practice 4.4

The Group has not linked senior executives' remuneration to ESG performance, including climate change matters. The Group intends to set ESG performance targets by FYE 2025 for key senior executives.

For information on corporate governance matters, remuneration and compensation, please refer to our Annual Report, which provides more details on corporate governance. The relevant information can be found on page 52 of the Annual Report.

7.0 OUR KEY PERFORMANCE INDICATOR

We emphasise on the Sustainability Leadership Index (SLI) and Critical and Trending Sustainability Key Performance Indicators (KPIs) to drive our materiality matrix. These help us to focus on crucial material issues with measurable targets supported by logical initiatives and programmes.

While fully adopting the Sustainability Strategic Framework at a Divisional level, the Group focuses on the Critical and Trending Sustainability KPIs. In addition, we regularly evaluate the Division Strategy Blueprint, the division's primary business strategy tool, and advise on the focus and content to drive the delivery of the sustainability framework.

To progress on our sustainability journey and sustainability maturity curve, we ensure to achieve the critical and trending KPI targets as listed below, for both the manufacturing and the construction sectors:-

Critical KPIs

Key area	KPI	Purpose	Manufacturing Sector	Construction Sector
Safety and Health	Reducing Lost Time Injury Frequency Rate (LTIFR)	Protect our people by developing a safe working culture with zero fatalities.	Two concerned reports per Operating Unit (OUs) per month.	Reduce lost person-hours by less than 1% of the total hours worked.
Sustainability reporting	Global Reporting Initiative ("GRI") Sustainability Reporting	Engage stakeholders and commit to better disclosures.	Contribute to the Group's Sustainability content of the Annual Report and Division Materiality Assessment.	Contribute to the Group's Sustainability content of the Annual Report and Division Materiality.

SUSTAINABILITY STATEMENT
(cont'd)

7.0 OUR KEY PERFORMANCE INDICATOR (CONT'D)

Critical KPIs (Cont'd)

Key area	KPI	Purpose	Manufacturing Sector	Construction Sector
Emissions	Carbon Intensity Reduction	Protect the environment by mitigating the impacts of the Group's operations on climate change	Review and recommit to carbon emissions reduction target.	Review and recommit to carbon emissions reduction target.
Managing waste	Setting Waste Baseline	Respect the environment by promoting sustainable consumption and production.	Set the preliminary waste baseline.	Set the preliminary waste baseline.
Water	Setting Water Baseline	Protect the environment by adopting responsible water stewardship.	Set preliminary water baseline.	Set preliminary water baseline.

The focus of our trending KPIs will be health and safety, energy and risk management. The table below outline the Group's Purpose and Divisional Targets which serve as a guideline for the Group moving forward.

Trending KPIs

Key area	KPI	Purpose	Manufacturing Targets	Construction Targets
Safety Targets	Implementing Divisional Environment, Safety and Health ("ESH") Roadmaps. A safe working environment for all employees	Empower divisions by guiding the strategic progression of ESH initiatives. Reduction of safety and health metrics to ensure that all employees are operate in a safe environment.	10% of the 3-year ESH Division Roadmap. Meet targets for the reduction of safety and health metrics (Incident Rate, Frequency Rate and Severity rate).	To have zero lost person-hours during the construction period. Meet targets for the reduction of safety and health metrics (Incident Rate, Frequency Rate and Severity rate).
Energy	Energy Efficiency	Protect the environment by mitigating the impacts of climate change by promoting eco-efficiency initiatives.	Review the use of solar panels in the Manufacturing sector.	Review the use of environmentally friendly products in construction and optimise the use of Industrialised Building System ("IBS").
Quality	Quality Assessment System	Ensure product quality and reduce customer complaints.	To survey the quality of products manufactured.	To ensure minimal complaints are received for the development of properties.

SUSTAINABILITY STATEMENT
(cont'd)

8.0 MATERIAL MATTERS

We have defined materiality as the Group's significant economic, environmental and social impacts that have substantive weight and influence on the decisions of our stakeholders.

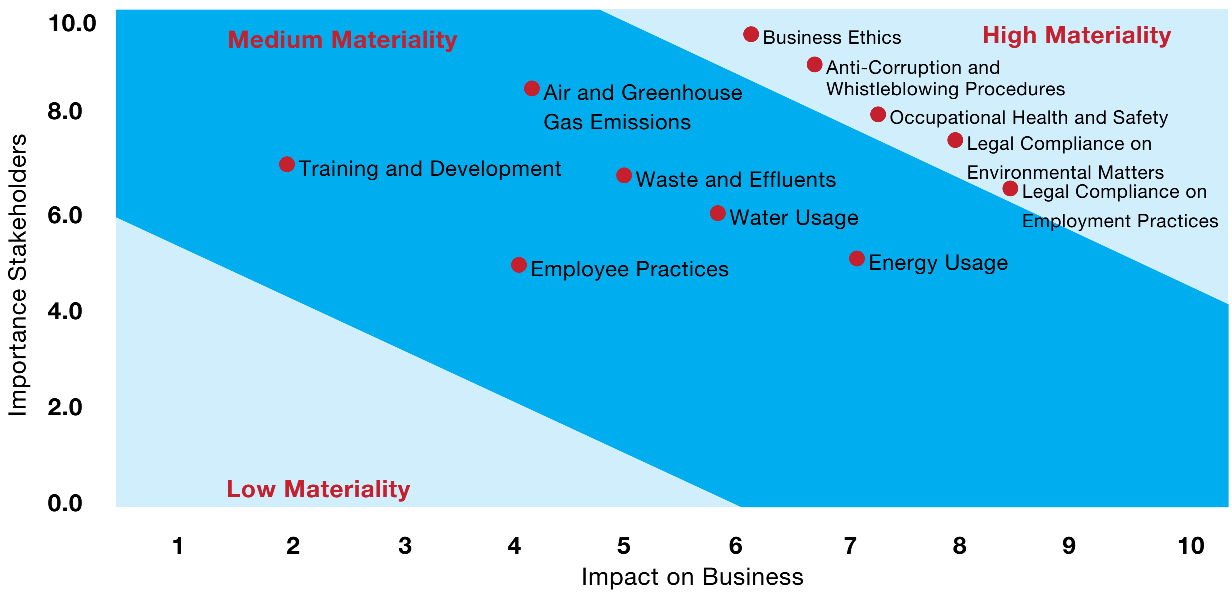
The Group has conducted a materiality exercise with key internal stakeholders to determine the material matters. The outcome of the practice serves as the basis of the material issues listed in the report. The Group has provided data and information on the material matters in the sections below:-

Since the Group has two diverse business segments, the Group will identify two material matters as shown in the table below:-

Key material matters:-

Economic	Environmental	Social
Business Ethics	Legal Compliance on Environmental Matters	Legal Compliance on Employment Practices
Anti-Corruption and Whistleblowing Procedures	Air and Greenhouse Gas Emissions	Employment Practices
	Waste and Effluents	Occupational Health and Safety
	Water Usage	Training and Development
	Energy Usage	

MATERIALITY MATRIX



9.0 STAKEHOLDER ENGAGEMENT

Successful stakeholder management is crucial in building relationships and trusts to implement corporate sustainability strategies and programs. Leveraging expertise from all levels within and outside of the organisation can ensure that we understand the points of view of all stakeholders.

Stakeholder engagement requires consistent and open communication channels, which is crucial to receiving feedback from key stakeholders. The Group will consistently evaluate the appropriateness of meetings with relevant stakeholders and is open to suggestions regarding reporting disclosures. The various topics of concern discussed are outlined below.

For any comments and feedback, please get in touch with us through the following:-

Mr. Yap Yik Yong (*Group Financial Controller*)
Tel: +603-9171 8966
E-mail: yapyy@cgbgroup.com.my

SUSTAINABILITY STATEMENT
(cont'd)

9.0 STAKEHOLDER ENGAGEMENT (CONT'D)

Our business relies on partnerships and working with a range of stakeholders. Our stakeholder engagement, including topics of concern and management of issues which are listed below:-

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
Customers (existing and potential)	Frequency: Ongoing Type: Awareness program, one-to-one engagement, marketing materials	• Quality of product • Late delivery • Product defects • Re-engage with customers and avoid the repetition of mistakes • Product prices and values	• Quality management system • Competitively price against our competitors • Quality assurance and customer engagement programme
Employees	Frequency: Regular and ongoing Type: Knowledge sharing sessions, internal customer engagement programme, internal customer satisfaction survey, Innovation Accelerator Programme	• Staff well-being of the Group and job security • Staff welfare and benefits • Safety environment at work • Work competency	• Staff engagement programmes • Implementation of Environment, Safety & Health programmes involving employees • Training when required
Suppliers	Frequency: Occasional Type: Performance review meetings, workshops and coaching for compliance	• Compliance issues • Tender prices and payments • Cost efficiency and introduction of products • Workers quarters	• Constant and regular communications • Process improvement • Engage and share concerns with relevant parties
Investors and financiers	Frequency: Annually and quarterly Type: Annual general meeting, quarterly results announcement, press release, targeted briefing and meetings	• Legal compliance • Financial performance at the expense of environmental/social well-being • Business risks • Soft market conditions • Negative public perception	• Engagement with investors & sharing of strategy • Rolling out diversified affordable products
Business partners	Frequency: Ad hoc Type: Meetings, discussions, functions and product launches	• Payment • Terms of reference ("TOR") • Appraisal • Human rights	• Standard Operating Procedure ("SOP") • Proper SOP for monitoring and tracking
General public	Frequency: Ad hoc Type: Dialogue, meetings and public engagement	• Environmental impact to communities	• Engage with experts and explain via reporting and environmental conservation activities (e.g., tree planting)
Governments and regulators	Frequency: Ad hoc Type: Meetings, pre-consult submission and periodical monitoring reporting	• Customer rights • Compliance	• Responsible reporting and marketing communications • Monitoring of compliance (e.g., the legal checklist)

SUSTAINABILITY STATEMENT
(cont'd)

9.1 SUSTAINABILITY RISK MANAGEMENT – MANAGEMENT APPROACH TO MANAGING SUSTAINABILITY RISKS

The framework in which the Group addresses the sustainable risks is tabulated below:-

Areas to be Assessed	Description	Actions to be taken
Health, Safety and Environment ("HSE"): Environment	The environmental risks from manufacturing are mainly related to Climate Change (CO_2 emission related to energy consumption), Emission to Air (dust and harmful contents in gas emitted from production), emission to water and waste. The Group faces risks of regulatory fines and jail terms for non-compliance with the Environmental Quality Act 1974 and risk of suspension or revocation of business licenses, either temporary or permanent, by local authorities to detect actual pollution of the environment. The Group may also face increasing scrutiny and pressure from residents, regulatory bodies, environmental activists, environmentally conscious investors, suppliers, customers, and prospective employees.	The environmental risk matrix is monitored regularly. Respective mitigation activity is developed and performed in response to the risks. Implementation of air emissions and water use reduction programmes at plants. Waste management improvement programmes. Updating on relevant Environment statutory.
HSE: Safety	The potential danger of fire, explosion, electrocution, hazardous chemical substance, moving machinery parts, moving handling equipment, handling heavy inventories, etc., could lead to industrial accidents, which may result in loss of human lives, permanent or non-permanent human disability, production disruption, damages to machinery, equipment or inventories. Any breach of Occupational Health and Safety regulations by the Group or significant industrial accidents may attract regulatory sanctions, including fines or production suspension, reputational damages, and employee dissatisfaction.	Introduce management KPIs emphasising safety performance and the standardisation of critical safety programmes. Implement an energy isolation programme. Further develop a programme of behavioural safety observations and drive a more proactive approach to prevent injuries and accidents. Introduce maintenance and repair modernisation programmes downtime management system. Further development of occupational safety risk assessment methodology. Analysis of the effectiveness of corrective measures to be taken. Analysis of anticipated risk to have occurred.

SUSTAINABILITY STATEMENT
(cont'd)

9.1 SUSTAINABILITY RISK MANAGEMENT – MANAGEMENT APPROACH TO MANAGING SUSTAINABILITY RISK (CONT'D)

The framework in which the Group addresses the sustainable risks is tabulated below: (Cont'd)

Areas to be Assessed	Description	Actions to be taken
Business Interruptions	The Group's profitability is subjected to the volatility of raw material prices, such as resin prices, favoured by a downtrend and adversely affected by an uptrend. The Group places heavy reliance on the capability of the Information and Communication Technology ("ICT") and Enterprise Resource Planning ("ERP") software to initiate, process and record voluminous transactions accurately and reliably. This is critical to provide seamless supply chain solutions and audit trails for accounting and tax audits. Therefore, data security and storage are essential and may be subject to a cybersecurity threat.	Practice cautious and disciplined procurement to ensure stable medium-term profitability. Significant business disruptions are carefully analysed for their root causes. Future preventive strategies are formulated to prevent the occurrence and mitigate damages.
Disruptive Governmental Actions	Imposition or removal of trade duties by the Malaysian Government or foreign jurisdictions. Reprimands by relevant regulatory bodies for breaches of anti-competition laws, dubious transfer pricing practices, tax evasion and etc.	Subscribed memberships of various trade or industry bodies for better dialogues with governmental bodies for better resolution formulation. Engaged external consultants or advisors on compliance with various trade and tax-related laws.
Product Competition	The Group's businesses are subject to market competition, which is affected by the new entry/exit of industry players (local and overseas), the introduction of substitute products, changes in competitors' output capacities, and fluctuation in market demands for its products.	Maintain a diversified range of products to reduce the effects of cyclical changes in market demand. Seek business/assets acquisition opportunities and upstream manufacturing activities to reduce procurement risk and enhance profitability. Maintain price competitiveness for plastic packaging products while maintaining acceptable quality and reliable product deliveries to enhance market/customer confidence.
Social and Community Risk	While most of the Group's manufacturing facilities are located in industrial areas, its activities are expected to affect their respective local communities in ways such as noise, effluences, traffic, job opportunities and etc.	Erection of sound barriers where noise emitted from operations is known to affect residences in the vicinity. Enforce Child and Forced Labour Policy to prohibit exploitative employment to protect vulnerable communities. To undertake various initiatives to:- - Improve employment in local communities. - Improve or maintain local infrastructure to enable a better living environment. - Support education opportunities for disadvantaged and vulnerable groups.

SUSTAINABILITY STATEMENT
(cont'd)

9.1 SUSTAINABILITY RISK MANAGEMENT – MANAGEMENT APPROACH TO MANAGING SUSTAINABILITY RISK (CONT'D)

The framework in which the Group addresses the sustainable risks is tabulated below: (Cont'd)

Areas to be Assessed	Description	Actions to be taken
Climate Change Risk	Risks related to climate change and extreme weather events could lead to business disruptions, resource shortages, and damages to the supply chain, equipment and reputation.	Implementing energy efficiency projects with the result of lowering greenhouse gas emissions. Supporting global programmes to reduce greenhouse gas emissions. Participating in drawing up greenhouse gas emission regulations in Malaysia.
Human Resource and Employee Risk	Employees' low productivity, motivation and morale, low job satisfaction, unfair treatment, lack of performance recognition, unhealthy work environment, hostile colleagues and etc.	Established employee grievance and conflict handling procedures. Equal employment opportunity. Established employee engagement through annual appraisals and face-to-face meetings.
Quality	Customer dissatisfaction and lack of confidence due to product quality and functionality failure to meet expectations.	Regular monitoring of customer satisfaction levels. Meetings and feedback sessions with clients and management. Site visits to production assets. Production and quality improvement programmes.

10.0 BUSINESS CONDUCT AND ETHICS

We take pride in maintaining the highest standards of corporate governance, as required by Bursa Malaysia's Sustainability Guideline listing requirements. Our Anti-Bribery and Corruption and Whistleblowing Policies have aligned with international best practices. These policies ensure that our organisation manages the associated impacts and stakeholders' reasonable expectations and interests towards upholding the highest business conduct and ethical standards.

SUSTAINABILITY STATEMENT
(cont'd)

10.0 BUSINESS CONDUCT AND ETHICS (CONT'D)

10.1 ANTI-BRIBERY AND CORRUPTION ("ABC") POLICY

Anti-Bribery and Corruption Risk Management

The Group determines, evaluates and manages corruption-related risk regularly. At the end of each reporting year, the ABC of each business unit analyses corruption risk related to fraud and corruption.

The Group considers its business processes, focuses on those particularly prone to corruption risks, and carefully assesses existing controls and procedures. The ABC compliance unit will look into areas particularly prone to corruption, typically procurement, payment, sales, charity, sponsorship, business gifts, hospitality, and interaction with other business partners or government authorities.

The primary documents regulating ABC risk management is the Anti-Bribery and Corruption Policy which is published on the Group's website at https://www.cgbgroup.com.my/corporate-governance.

The Anti-Bribery and Corruption policy applies to all employees of CGB and its subsidiaries, including any associated business partners, agents, contractors, and consultants acting on the Group's behalf.

The organisation defines the prohibition on bribery to include the following definitions:-

- Bribes: The giving or offering or receiving, or soliciting of another party, either directly or through a third party, of anything of value, advantage, or benefit of any kind to influence the making or not making, or implementation of a decision or act by a concerned party with regards to the retaining or obtaining of business; and
- Gratification: abuse of function, abuse of public property, bribery, clientelism/cronyism, concealments, corruptions, embezzling element, illicit enrichment, insider trading, kickback, money laundering, nepotism, obstruction of justice, patronage, trading in influence and facilitation of money.

To oversee and prevent cases of bribery and corruption, the Anti-Bribery and Corruption Compliance Unit ("ABCCU"), led by the Corruption Risk Officer and assisted by Heads of Departments, assumes responsibility and authority on:-

- The design and implementation of the Group's anti-bribery management system;
- Advice and guidance to personnel on the anti-bribery management system and issues relating to bribery;
- Means and ways the anti-bribery management system conforms to the requirements of this policy; and
- Reporting the performance of the anti-bribery management system to top management and other compliance functions periodically.

The Group will continuously keep abreast with developments on anti-corruption and bribery to enhance the anti-bribery and corruption policy.

At the same time, to increase awareness about corporate behaviour standards and the consequences of engaging in bribery and corruption, we provided ABC training for top management and all employees on the crucial amendment of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 as follows:-

"Section 17A (1) of the MACC (Amendment) Act 2018 addresses corporate liability for corruption where directors and senior management will be held personally liable for acts of corruption (i.e., gives, agrees to give, promises or offers any person any gratification to obtain or retain business or advantage for the commercial organisation) committed by the organisation, either by personnel or parties acting on behalf the organisation, which came into effect on 1 June 2020".

In addition, the Group also provided training on ABC-related topics such as gifts and hospitality, communications with suppliers, and charity. The course emphasised the importance of alerting responsible managers and consulting with compliance managers when in doubt. Informing business partners about our standards of ethics and conduct is equally essential. The Group requested contractors and suppliers to get acquainted with corporate principles related to ethical behaviour and draw references to ABC policies in contract negotiations.

In FYE 2022, no incidents of bribery or corruption were recorded by the Group.

SUSTAINABILITY STATEMENT
(cont'd)

10.0 BUSINESS CONDUCT AND ETHICS (CONT'D)

10.2 WHISTLEBLOWING POLICY

The Group and its subsidiaries are committed to the highest integrity, openness, and accountability standards regarding business conduct and operations. The Group will continue to ensure that all business affairs are conducted ethically, responsibly, and transparently.

CGB's Whistleblowing Policy provides an avenue for employees or members of the public to disclose any improper conduct (misconduct or criminal offence) through internal channels.

Examples of misconduct or criminal offences include:-

- Fraud;
- Bribery;
- Misuse of the Company's funds or assets;
- Abuse of power;
- Conflict of interest without disclosure;
- Criminal breach of trust;
- Questionable or improper accounting;
- Illegal or criminal offences;
- Endangerment of employees' or public health and safety;
- Acts or omissions which are deemed to be against the interest of the Company, laws, regulations or public policies; or
- Deliberate concealment of any of the above matters or wrongdoing.

The above list is non-exhaustive, and the Group encourages reporting misconduct through whistleblowing.

All whistle-blowers will be accorded the protection of confidentiality of their identity. However, any employee or member of the public who wishes to report improper conduct will be required to disclose their identity to the Group so that we can accord any necessary protection.

All disclosures can be submitted via the whistleblowing channels as follows:-

i) **Mdm. Tan Suat Hoon** (*Independent Non-Executive Director*)
Mobile: +6012-300 9182
E-mail: tansuathoon@gmail.com

ii) **Mr. Yap Yik Yong** (*Group Financial Controller*)
Tel: +603-9171 8966
E-mail: yapyy@cgbgroup.com.my

11.0 ENVIRONMENTAL MATERIAL MATTERS

The Group has identified the following environmental material matters to our business based on the materiality exercise conducted for FYE2022:-

- Air and Greenhouse gas emissions (Fuel Consumption - Scope 1 and Energy Use - Scope 2);
- Water Usage; and
- Waste Management.

We ensure legal compliance with environment-related matters through relevant laws from all jurisdictions we operate in. The legal compliance of environmental issues is managed internally through internal compliance and audit committees, overseen by management and reported to the Board of Directors ("the Board").

The data below has been categorised by the respective manufacturing centres, as we believe these operating centres produce the most significant impact in terms of environmental matters. The intensity of each metric has been calculated based on the amount of weightage of the tapes produced.

SUSTAINABILITY STATEMENT
(cont'd)

11.0 ENVIRONMENTAL MATERIAL MATTERS (CONT'D)

Climate change impacts are becoming increasingly present, both globally and within Malaysia. Malaysia's Disaster Management Reference Handbook states that in the past two decades (latest data up to year 2018), Malaysia has experienced 51 natural disasters, with over 280 deaths affecting over 3 million people. The weather impacts due to climate change will increase natural disaster events. As the weather becomes more extreme, deadly heatwaves, floods, and drought will worsen – and as a business, we are responsible for pinpointing our role in climate change and taking active steps to mitigate this.

The concept of a circular economy can significantly reduce greenhouse gas emissions by applying principles such as reuse, remanufacturing and recycling. A regenerative system in which resource input and waste, emission and energy leakages are minimised by closing and narrowing energy gaps and material loops can be achieved through durable design, maintenance, repair, reuse, remanufacturing, refurbishing and recycling.

ENVIRONMENTAL REGULATION

Adhering to local environmental regulations are part and parcel of our practices to minimise environmental impact. Below are local regulations that shape our environmental practices, which we consider as minimum requirements to conduct our business:-

Government regulation	Related environmental impact
Environmental Quality Act 1974	Prevention, abatement, control of pollution and enhancement of the Environment.
Environmental Quality Clean Air Regulation 2014	For the provision and proper operation of discharge related to pollutants into the open air.
Environmental Quality Sewage Regulations 2009	For the provision and proper operation of sewage operation and discharge.
Industrial Effluent Regulations 2009	For the provision and proper operation of the discharge or release of industrial effluents.
Solid Waste and Public Cleansing Act 2007	Segregation of waste to ensure all disposed of materials are dealt with safely by licensed contractors.

The Group is pleased to report that there were no issues of non-compliance with laws and regulations on matters of the Environment in FYE2022.

11.1 AIR AND GREENHOUSE GAS ("GHG") EMISSIONS

This report will cover the production of Scope 1 and Scope 2, and GHG emissions through our operations.

Scope 1 reflects GHG emissions produced from the consumption of resources controlled by the organisation, such as fuel consumption of company's vehicles.

Scope 2 reflects GHG emissions produced from the generation of purchased or acquired electricity, heating, cooling and steam consumed.

SUSTAINABILITY STATEMENT
(cont'd)

11.0 ENVIRONMENTAL MATERIAL MATTERS (CONT'D)

FUEL CONSUMPTION (SCOPE 1)

Our primary usage of fuel is for our company's car and forklift usage. The primary fuel source for these activities is diesel. Below is the annual petrol and diesel consumption and annual GHG emissions for our operations as shown in the table below:-

For the purpose of the calculation, we calculated our carbon emission using the following website calculator: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator.

Sector	Annual Petrol Consumption (Litres)	Annual GHG Emissions (tCO2)
Manufacturing	5,424	14

Sector	Annual Petrol Consumption (Litres)	Annual GHG Emissions (tCO2)
Construction	14,037	36.3

ENERGY USAGE (SCOPE 2)

As a responsible industrial hi-temp masking tapes manufacturer, we understand the need to minimise the impact of climate change by adopting good energy management and where possible, assuming the use of renewable energy.

Energy consumption and GHG emissions:-

Sector	Annual Petrol Consumption (Litres)	Annual GHG Emissions (tCO2)
Manufacturing	2,855,142	1,361
Construction	162,494	77.5

To further illustrate our commitment to reducing energy usage, we calculate our emission or carbon intensity ratios based on our production output.

Based on the current emission intensity ratio, we will set the baseline to improve our processes further to reduce our carbon emissions from this year onwards.

11.2 WATER USAGE

Both the Group's manufacturing and construction divisions do not require significant amount of water in its production and business activities. However, understanding our water usage will help us better strategise our methods to continue reducing our water usage and be more sustainable to the environment.

Water is supplied from local water sources through our local municipal. Our water usage is therefore equivalent to our water consumption. The Group has thus reported our water consumption for each sector as follows:-

Sector	Annual Water Consumption (m3)
Manufacturing	43,322
Construction	28,687

As indicated in the figures above, arising from the production process of the manufacturing sector, wastewater and effluents are mainly discharged from the Group's operations. The Group ensures that industrial wastewater is processed through the industrial effluent treatment plant before final discharge.

SUSTAINABILITY STATEMENT
(cont'd)

11.0 ENVIRONMENTAL MATERIAL MATTERS (CONT'D)

11.3 WASTE MANAGEMENT

Sustainable waste management ensures that the Group is taking proactive measures to reduce the amount of waste produced through production and manufacturing. It is also essential to ensure that the amount of solid waste disposed of through landfill or incinerations is minimised.

12.0 SOCIAL MATERIAL MATTERS

The Group has identified the following social sustainability matters as material to our business based on the materiality exercise conducted for FYE 2022:-

- Employment practices;
- Occupational health and safety; and
- Training and development.

The manufacturing plant have categorised the data below, as we believe these operating centres produce the most significant impact on societal activity.

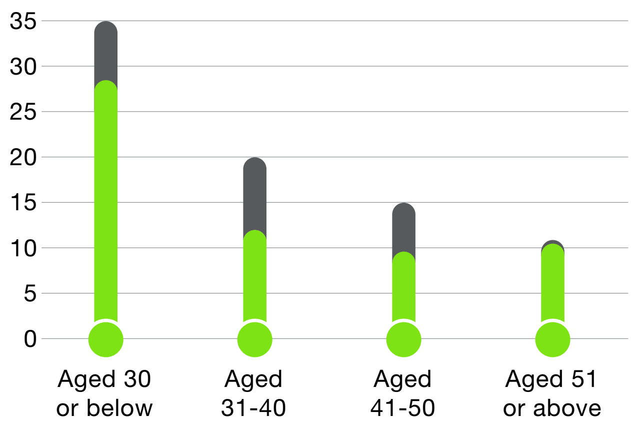
We ensure legal compliance with social matters through relevant employment acts from all jurisdictions we operate. The legal compliance of social issues is managed internally through internal compliance and audit committees, overseen by management and reported to the Board.

In FYE 2022, there were no issues of non-compliance with social matters within the organisation.

12.1 EMPLOYMENT PRACTICES

As an organisation, we remain guided by our "Human Resource Policy" to operate effectively and efficiently by employing and retaining adequate competent employees with relevant knowledge, skill, and experience to carry out their duties and responsibilities effectively and efficiently. We carry out performance evaluations across all levels of staff to identify performance gaps for training needs and talent development. We had an average turnover rate of 36.9% during the reporting period.

No. of Emplyee Turnover by Gender by Age



Female	8	8	6	1
Male	27	12	9	11

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

HUMAN RIGHTS AND THE COMMUNITY

Our Commitment to Human Rights and Children's Rights

All businesses have a responsibility to respect human rights. As stated by the United Nations Guiding Principles on Business and Human Rights, the Group strives to continuously respect human rights, carry out human rights due diligence and provide grievance mechanisms for human rights issues. Our business actions should also be in support of respecting children's rights.

We acknowledge that human rights extend beyond labour practices and include how we as a business operate within our surrounding communities. To do this, we have taken the necessary steps to understand how the Group can impact human and children's rights throughout the organisation.

Prevention of Child Labour

We have taken active precautions to monitor and prevent child labour within our organisation. We observe Children and Young Persons (Employment) (Amendment) Act 2010. Within the Group, we verify the age of applicants for employment by requiring the presentation of valid identification issued by an official authority before engagement. Other legal proof of age, such as a diploma, birth certificate or official documents from the place of residence, may be accepted. We also ensure that applicants have already completed their compulsory schooling.

This policy applies to all our business partners, and we demand that they uphold rigorous due diligence to prevent child labour within their organisation.

Prevention of Forced Labour

We recognise the definition of forced labour as work or services performed involuntarily under the threat of penalty. We have embedded measures to prevent any forms of forced labour, modern slavery or human trafficking throughout the organisation.

To prevent this, we require social compliance audits to be carried out at regular intervals to ensure that our business partners meet our standards and prevent instances of forced labour. Suppliers are also required to submit self-assessment questionnaires based on their labour practices.

12.2 DIVERSITY

The Group will not discriminate against suppliers, employees, and other relevant stakeholders concerning race, age, gender, sexual orientation, religion, disability and nationality.

Equal pay for equal work refers to the right for all workers to have equal remuneration for work of equal value. This goes beyond basic wages and includes forms of compensation, including overtime pay, bonuses, travel allowances, insurance and other benefits. Championing diversity requires us to ensure that all employees receive payment based on merit regardless of race, age, gender, sexual orientation, religion, disability and nationality.

We aim to ensure that employees receive equal work opportunities and pay. Malaysia ratified the International Labour Organisation's Equal Remuneration Convention in 1997, and we strive to uphold this concept within the organisation.

Aligned with our views on gender diversity, we have formalised a Sexual Harassment Policy and Grievance Procedure that is included in the employee handbook and is frequently briefed to relevant employees. We are pleased to report that during the reporting period, there have been no instances of sexual harassment reported to the management.

Employees are the driving force of the Group and we must maintain a performance-driven culture that is centred around the values of inclusivity. While the lack of female representation at management levels has been a pervasive issue globally, the Group strives to ensure that females can adopt management positions within our organisation.

SUSTAINABILITY STATEMENT
(cont'd)

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

12.2 DIVERSITY (CONT'D)

Below are the gender breakdowns between staff and management in our operating factory. We hope to increase female representation across our organisation and management levels in future reporting years.

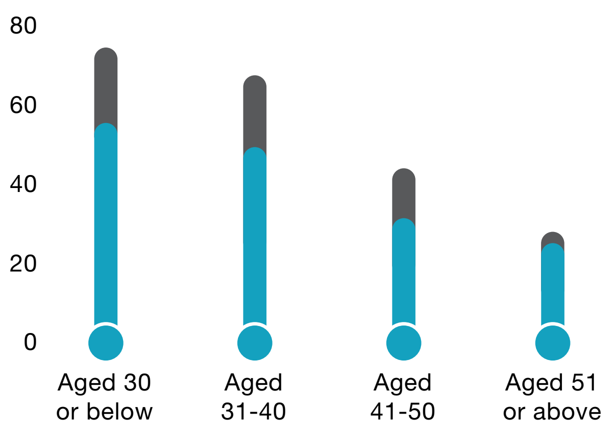
Management level	Male		Female	
	Total	Percentage	Total	Percentage
General staff	127	59%	34	16%
Management	32	15%	22	10%

Below are the age breakdowns across all our operations. The majority of our employees are aged under 50 years old.

Age breakdown	Total	Percentage
Aged 30 or below	73	34%
Aged 31-40	59	27%
Aged 41-50	51	24%
Aged 51 or above	32	15%

In terms of gender and age, the breakdown for the Group is as follows:-

CGB Group Diversity



	Aged 30 or below	Aged 31-40	Aged 41-50	Aged 51 or above
Female	19	13	17	8
Male	54	46	34	24

12.3 OCCUPATIONAL HEALTH AND SAFETY

We are committed to achieving a safe working environment for all employees and strive to promote an accident-free safety culture to avoid any adverse impact on the organisation's overall well-being. As part of our Sustainability Policy, the Group adopts the highest level of health and safety principles, which outlines the responsibilities of the Group, the top management, Safety Committees, Safety Officers and employees in providing and maintaining a safe and healthy workplace for all contractors and employees.

We ensure that all operations meet all local requirements of the operational jurisdictions. Each location is overseen by a Health and Safety Committee comprising individuals from various departments to ensure the health and safety standards are met.

SUSTAINABILITY STATEMENT
(cont'd)

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

12.3 OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

Our Health and Safety Committee is prepared for emergencies such as fires, hazardous leaks, or the standard procedures for work accidents or other threatening situations. We ensure that we maintain safety equipment such as emergency lights and fire extinguishers.

In FYE2022, we took extra precautions regarding health and safety to ensure the well-being of our employees during the COVID-19 pandemic. We provide that our employees meet the best practice standards of hygiene. We also ensure that we consistently clean and sanitise our air conditioning systems every two months to meet the highest standards of cleanliness.

Regrettably two (2) minor work-related accidents and injuries and twenty seven (27) lost days due to work injuries were reported in FYE 2022. We will continue to take necessary safety precautionary measures to mitigate the risk of worker injury.

In our effort to track and protect the health and well-being of our employees, we record the details of all fatalities, permanent and temporary disability, minor incidents, medical treatment, and all medical aid incidents, as further illustrated in the following sections.

Our performance in safety and health (both for our employees and customers) is monitored and reported to our management, and periodic internal and external audits are also undertaken.

The table below shows the frequency incident rates from 2020 to 2022 repectively.

Fatality rate

In year 2022, the Group recorded zero fatalities, and we hope to continue this trend. For further context, Malaysia recorded 2.09 occupational fatalities per 100,000 workers in 2021, and the manufacturing industry recorded 83 deaths from July 2020 – July 2021.

Incident rate

Financial Year (FY)	Incident Rate
FY 2020	6.76
FY 2021	14.60
FY 2022	12.90

Frequency rate

Financial Year (FY)	Frequency Rate
FY 2020	2.91
FY 2021	6.16
FY 2022	5.45

Severity rate

Financial Year (FY)	Severity Rate
FY 2020	87.37
FY 2021	36.99
FY 2022	73.56

SUSTAINABILITY STATEMENT
(cont'd)

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

12.3 OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

12.3.1 Safety And Health

The nature of our business is potentially hazardous to the safety and health of our employees and contractors. Due to this, we genuinely believe in prioritising the culture of protecting the well-being of our workers, employees and contractors.

We strive to meet all necessary safety and health requirements to ensure that our employees can operate safely and return home in the best of health by minimising safety and health risks through appropriate governance processes.

Safety and health governance is a significant component of aligning and addressing health and safety risks to minimise future incidents. Our Safety and Health Committee presents to Managing Director and Executive Director ("EXCO") quarterly to discuss and updates on our safety and health numbers. The EXCO reports these issues to the Board as awareness of these risks should be aligned with business efforts.

We remain guided by the Environment, Safety and Health ("ESH") Policy that our Board has approved to embed a culture accountable to these practices. We require all stakeholders, including vendors and contractors, to abide by these standards.

On-site, our safety and health officers oversee activities to ensure all operations are conducted safely. Providing a safe environment for all employees and contractors requires our safety and health officers to rely on the support of all relevant departments.

When an incident occurs, a Safety and Health Representative must be notified within 24 hours. An investigation on the incident will be conducted where an assessment on the following areas will be examined:-

- Nature of injury;
- Cause of injury;
- Location of injury;
- Contributing factors to the incident (method of work, machinery, human behaviour);
- The current safety procedures available concerning the incident;
- Proposed corrective actions to eliminate the cause of incidents; and
- Proposed preventive efforts to prevent any other future incidents.

All investigations must include collecting evidence and discussions with witnesses and are further followed up with conversations with the relevant departments. Investigations are typically completed within five (5) working days, and the preventive and corrective actions will be shared with the management.

12.3.2 Safety and Health Legal Requirements

As Malaysian law requires, we abide by the Occupational Safety and Health Act ("OSHA") 1994, which provides us with the legislative framework for the safety, health and welfare of all our sites with the principal aim of preventing and protecting workers against hazards and their risks in connection with their activities at work. We are subjected to inspections by the relevant authorities as required.

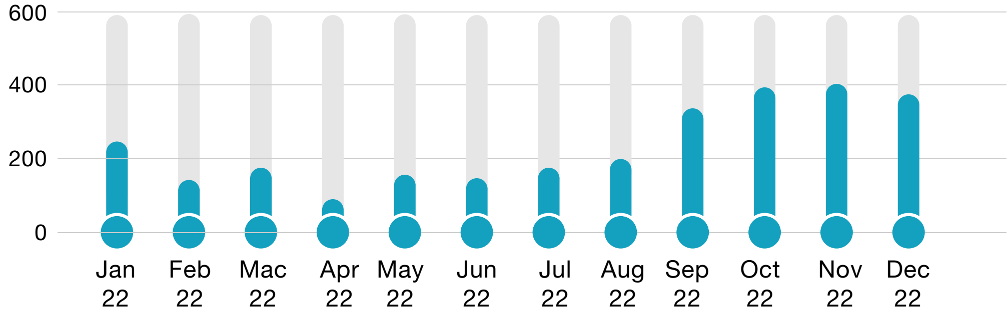
SUSTAINABILITY STATEMENT
(cont'd)

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

12.3 OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

12.3.3 Safety and Health Training

No. of Participant Attending Occupational Safety and Health ("OSH") Training (Construction)



	Jan 22	Feb 22	Mac 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22
● No. of Participants	269	148	185	51	152	135	169	219	328	407	400	369

● No. of Participants

More than 90% of our employees attended safety and health training on various safety and health topics during the reporting period.

Minimising safety and health-related incidents in the organisation includes providing our workers with relevant training. Our activities include First Aid Training, Personal Hygiene Procedures, COVID-19 Training and Fire Fighting Training.

For the year under review, our employees and contractors have attended training programmes in first-aid, safety chemical handling, overhead crane safety training, forklift safety, and operational training.

12.3.4 Continuous Measurement

As we continue to create a safe workplace culture, we aim to benchmark our performance by setting internal targets. Our fatality rate, incident rate, frequency rate and severity rate calculations are based on Malaysia's national standards set by the Department of Occupational Safety and Health. Incident rates are calculated based on the number of accidents over the annual average number of employees, and frequency rates are calculated based on the number of accidents over the total person-hours worked.

Severity rates are calculated based on the total workdays lost over the total person-hours worked.

Although our severity rates have been relatively high, we are pleased to report that our incident rates and frequency rates have decreased in the year 2022. This indicates that individual employees require more workplace safety training, which we will aim to do for the next reporting period.

12.4 TRAINING AND DEVELOPMENT

As supporters of talent development, we aim to ensure that all employees have access to development programmes that can provide them with knowledge on relevant areas of operations, such as compliance with rules and regulations, health and safety, technical training, leadership and product development.

Continued education is critical for developing a competitive, skilled, motivated, and productive workforce. Employee career development and performance management have been established based on employees' merits and contributing skill sets towards the Group's organisational objectives and goals. We continue to review and improve all employees' pathways for career development through regular performance reviews that are agile based on the changing business and operating environment.

SUSTAINABILITY STATEMENT
(cont'd)

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

12.4 TRAINING AND DEVELOPMENT (CONT'D)

As part of its transformation process, the Group will embark on training and development for the organisation, focusing on addressing competency/skill gaps, especially for critical or high-risk jobs. Our approaches include collaboration with external bodies to develop technical programs highly customised to the Company's specific needs, sending employees for professional certification programs, arranging on-the-job attachment and engaging specialists for particular jobs to facilitate knowledge transfer. Beside upskilling, retraining of existing employees are also carried out regularly.

We intend to increase the types of training and duration of training provided to employees in future years. We aim to continuously develop our training and development initiatives and further bridge the competency gap.

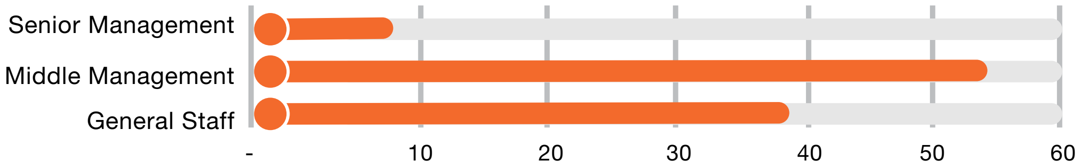
No	Manufacturing Training	Construction Training
1	ISO Understanding	Weekly TBM (Tool Box Meeting)
2	FG Handling	Safety Awareness Training for Plastering Workers
3	5S Understanding	Aluminium Formwork SOP
4	Safety Awareness	Safety Awareness Training for AAC Block Workers
5	Routine On-the-job Training (OJT)	Wearing PPE While at Work and Housekeeping for Skim Coat Workers
6	Fire Drill & Fire Extinguisher	Fire Fighting Training
7	First Aids box Usage	Safe Lifting Operation
8	Waste Handling	Introduction Type of Hazards at Workplace
9	Forlift Driving Skill	Safety Awareness Training for Plumbing Workers
10	Ceramah dan Latihan Pasukan Keselamatan Kebakaran (ERT)	Safety Briefing for Tower Crane Maintenance Crew
11	Certified Environment Professional in scheduled waste management	Passenger Hoist Operator Safety Briefing
12	-	Safety Awareness for Bricklayer
13	-	Safety Procedure for Installation Staircase Guardrail
14	-	Electrical Safety While at Work
15	-	Safety Awareness for Water Proofing Workers
16	-	Safety Briefing for Lift Installation Workers

SUSTAINABILITY STATEMENT
(cont'd)

12.0 SOCIAL MATERIAL MATTERS (CONT'D)

12.4 TRAINING AND DEVELOPMENT (CONT'D)

Total External Training Hours by Employment Category



	General Staff	Middle Management	Senior Management
Training Hours	39	53	8

13.0 SUPPORTING LOCAL COMMUNITY

Management Approach

Our Group aims to build positive and sustainable partnerships with local communities wherever we operate by adhering to the best international sustainable development standards and actively engaging with local communities. The Group does not have a formal approach to engaging with local communities, but our Group has been supporting various education and social-economic programs for university students over the years.

All of the Group's social investments are made voluntarily, and the Group strictly abides by the Anti-Bribery and Anti-Corruption policy on social and gifts investment guidelines.

Our Group has been a strong pillar for local community support over the years. The Group hires primarily from the local community, hence being able to improve the quality of life in the community itself.

CGB gives back to the community by providing support and delivering foods as well as other necessities to orphanages especially in the rural parts of Kundasang, Sabah.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit and Risk Management Committee Report for the financial year ended 31 December 2022.

The primary objective of the Audit and Risk Management Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to the corporate accounting and practices for the Company and all its subsidiaries ("Group") and to ensure the adequacy and effectiveness of the Group's internal control measures.

MEMBERS

Chairperson	:	Madam Tan Suat Hoon Independent Non-Executive Director (Appointed on 3 January 2023)
		Mr. Lee King Loon Independent Non-Executive Director (Resigned on 30 December 2022)
Members	:	Mr. Lee Swee Meng Independent Non-Executive Director
	:	Encik Sahari bin Ahmad Independent Non-Executive Director
	:	Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah Independent Non-Executive Director (Resigned on 3 April 2023)

No former audit partner of the Company's external auditors shall be appointed to the Committee unless he or she has observed a cooling-off period of at least three (3) years before being appointed as member of the Committee.

TERMS OF REFERENCE

Membership

The Audit and Risk Management Committee shall be appointed by the Board of Directors from amongst their members and shall be composed of not fewer than three (3) members. All the members of the Committee must be Non-Executive Directors, with a majority of them being Independent Directors. Alternate Directors must not be appointed as members of the Committee. All members of the Committee shall be financially literate and at least one of the members of the Committee:

i) must be a member of the Malaysian Institute of Accountants ("MIA"); or
ii) if he or she is not a member of MIA

   a. he or she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 and have at least three (3) years working experience; or
   b. he or she must be a member of one of the associations of accountants specified in Part II of the 1 Schedule of Accountants Act 1967 and have at least three (3) years of working experience; or

iii) fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

The members of the Committee shall elect a Chairman from amongst their members who shall be an Independent Director. The Chairman elected shall be subject to endorsement by the Board. If a member of the Committee resigns, dies or for any reason ceases to be a member with the result that the number of members is reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

TERMS OF REFERENCE (CONT'D)

Notice of Meeting and Attendance

The agenda for Audit and Risk Management Committee meetings shall be circulated before each meeting to members of the Committee. The quorum for meetings of the Committee shall be two (2) members provided both of whom present are independent directors.

The Committee may require the external and/or internal auditors and any official of the Company to attend any of its meetings as it determines. The external auditors shall have the right to appear and be heard at any meeting of the Audit and Risk Management Committee and shall appear before the Committee when required to do so by the Committee.

The head of finance, the head of internal audit and a representative of the internal or external auditors shall normally attend meetings. Other Board members may attend meetings upon the invitation of the Committee. The Committee shall meet with the external auditors without executive board members present at least once a year.

The Company Secretary of the Company shall be the Secretary of the Committee.

Frequency of Meetings

Meetings of the Audit and Risk Management Committee shall be held not less than four (4) times a year. Upon request of any of its members, the internal or external auditors, the Chairman of the Audit and Risk Management Committee shall convene a meeting of the Committee.

Authority

In carrying out their duties and responsibilities, the Audit and Risk Management Committee shall:

a) investigate any matters within its terms of reference;
b) have full and unrestricted access to any information pertaining to the Group;
c) have direct communication channels with the External and Internal Auditors, as well as employees of the Group;
d) be able to obtain independent professional or other advice if it deems necessary; and
e) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Duties

The duties of the Committee shall be:

1) To review with the external auditors:

    - the audit plan;
    - the evaluation of the system of internal accounting controls;
    - problems and reservation arising from their audits; and
    - the audit report on the financial statements.

2) To review the assistance and corporation given by the employees of the Company to the external and internal auditors;

3) To review the external auditors' management letter and management response;

4) To review the quarterly results and annual financial statements, prior to the approval by the Board of Directors, focusing particularly on:

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

TERMS OF REFERENCE (CONT'D)

Duties (Cont'd)

The duties of the Committee shall be (Cont'd):

5) To 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;

6) To review the internal audit programme, processes, results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken regarding the recommendations of the internal audit function;

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

8) To consider the nomination/appointment, remuneration and resignation or dismissal of the auditors;

9) To review the risk profile of the Company and establish risk management processes that should be adopted and develop appropriate strategy, guidelines and policies for implementation;

10) To promptly report to Bursa Malaysia Securities Berhad if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in breach of the Listing Requirements;

11) To review such other functions as may be agreed to by the Committee and the Board of Directors from time to time.

12) To verify the allocation of options pursuant to a share scheme for employees at the end of each financial year in relation to Chapter 8, Paragraph 8.17 of Bursa's Listing Requirements.

The Terms of Reference of the Committee is published on the Company's website at www.cgbgroup.com.my in line with Paragraph 15.11 of Main Market Listing Requirements.

Reporting Procedures

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

Details of attendance at Audit and Risk Management Committee Meetings

There were five (5) Audit and Risk Management Committee meetings held during the financial year ended 31 December 2022. Details of the attendance of Audit and Risk Management Committee members at the meetings are as follows:

Name of Directors	Attendance
^Mr. Lee King Loon	5/5
Mr. Lee Swee Meng	5/5
Encik Sahari bin Ahmad	5/5
@YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah	2/5
*Madam Tan Suat Hoon	N/A

^ Resigned on 30 December 2022
@ Resigned after financial year ended 31 December 2022
* Appointed after financial year ended 31 December 2022

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES OF THE COMMITTEE DURING THE YEAR

The activities carried out by the Audit and Risk Management Committee during the financial year under review were as follows:

a) Reviewed with the External Auditors on the audit plan and the audit report on the financial statements;

b) Reviewed the quarterly financial results for each quarter of the Company and the Group prior to the Board of Directors' approval and announcement to Bursa Malaysia Securities Berhad, focusing particularly on:

- the overall performance of the Group;
- the prospects for the Group;
- compliance with accounting standards and other legal requirements;
- changes in or implementation of major accounting policy changes;
- significant and unusual events; and
- significant adjustments arising from audit.

c) Reviewed the year-end financial statements prior to submission to the Board of Directors for consideration and approval;

d) Reviewed the proposed audit plan to be undertaken by the Internal Auditors;

e) Reviewed the internal audit reports, audit recommendations and Management's responses to these recommendations as well as the timely actions taken to improve the system of internal controls and procedures, and completion of the internal audit plan;

f) Evaluated the performance of the External and Internal auditors and made recommendations in relation to their reappointment and audit fees to the Board for consideration;

g) Reviewed the report prepared by Risk Management Working Group; and

h) Reviewed the Audit and Risk Management Committee Report and the Statement of Risk Management and Internal Control prior to submission of the same to the Board for consideration and inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The Audit and Risk Management Committee shall oversee all internal audit functions and is authorised to commission investigations to be conducted by the Internal Auditors, as it deems fit. The responsibilities of the internal audit function, which report directly to the Committee, include the provision of reasonable assurance to all levels of Management concerning the overall control over assets and the effectiveness of the system of the internal control in achieving the Company's overall objectives.

The Company has outsourced the Internal Audit functions to Messrs RSM Corporate Consulting Sdn. Bhd. ("RSM"), an independent professional firm as the Internal Auditors for the financial year ended 31 December 2022.

During the financial year, RSM carried out a total of four (4) audit and four (4) follow-up reviews on the Company's subsidiaries in accordance with the audit plan. The Internal Auditors had updated the principal risks faced, or potentially exposed by the Company and its subsidiaries in their internal audit reports.

For the financial year 2022, the total cost incurred for the internal audit function was RM56,777.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors ("the Board") of CGB and its subsidiaries (the "Group") recognises the importance of good corporate governance and continues to be committed to a good corporate governance practice throughout the Group and its subsidiaries to enhance shareholders' value and the financial performance of the Group.

The Board believes that good governance will help to realise long-term shareholders' value, whilst taking into account the interest of other stakeholders. The Board evaluates and continues to enhance the existing corporate governance practices in order to remain relevant with developments in market practice and regulations.

The following statement reports on how the Group has applied the principles and recommendations of good corporate governance during the financial year under review as set out in the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission and the Main Market Listing Requirements ("MMLR").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

It is the overall governance responsibilities of the Board to lead and control the Group. Amongst others, these responsibilities include charting the strategic direction of the Group and supervising its affairs to ensure its success; implementation of suitable and effective internal controls and risk management; and ensuring compliance with the relevant laws, regulations, guidelines and directives.

Clear Functions Reserved for the Board and Those Delegated to Management

The Board acknowledges its role in the stewardship of the Group's direction and operations, and ultimately the enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group, which involves reviewing and adopting a strategic plan for the Group, overseeing the conduct of the Group's businesses and to evaluate whether the businesses are properly managed, identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures, succession planning, overseeing the development and implementation of a shareholder communication policy, reviewing the adequacy and the integrity of the management information and internal control system of the Group. Key matters, such as approval for interim and final results, major capital expenditure, formalising the budgetary process are reserved for the Board.

Clear Roles and Responsibilities

The Board assumes, amongst others, the following duties and responsibilities:

i) Responsible for the overall corporate governance of the Group, including its strategic direction, establishing goals for the Management monitoring the achievement of these goals, overseeing the ethical conduct of business and preventing bribery in the Group's business;

ii) Decides on the overall Group strategy and direction, acquisition and divestment policy, approval of capital expenditure, consideration of significant financial matters and the review of financial and operating performance of the Group;

iii) Monitor and evaluate the performance of the Management to ensure that the performance criteria remains dynamic;

iv) Ensure the Group maintains an effective system of internal controls and is able to identify and manage principal risks resulting in efficiency in operations and a stable financial environment;

v) Monitor the compliance with all relevant statutory and legal obligations;

vi) Regularly considers succession planning and balance composition of the Board;

vii) Clarify the roles and responsibilities of members of the Board and the Management to facilitate Board's and Management's accountability to the Company and its shareholders;

viii) Establish such committees, policies and procedures to effectively discharge the Board's roles and responsibilities;

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Clear Roles and Responsibilities (Cont'd)

The Board assumes, amongst others, the following duties and responsibilities (Cont'd):

ix) Together with Management, to take responsibility for the governance of sustainability in the Group, including setting the Group's sustainability strategies, priorities and targets;

x) To ensure that the Group's sustainability strategies, priorities and targets as well as performance against such targets are communicated to the Company's shareholders and other stakeholders;

xi) To take appropriate action to ensure Board members stay abreast with, and understand, sustainability issues relevant to the Group and its business, including climate-related risks and opportunities;

xii) To monitor Management's performance and business results; and

xiii) To ensure that Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board members and Senior Management.

The Board has established three (3) Board Committees which operate within its own specific terms of reference. The Board Committees undertake in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board.

The three (3) Board Committees are as follows:

a) Audit and Risk Management Committee;
b) Nomination Committee; and
c) Remuneration Committee.

The Chairman of the respective Committees reports to the Board on the outcome of the Committee meetings.

Code of Conduct and Compliance

The Group has formalised a set of ethical standards through the Code of Business Conduct ("the Code") to ensure Directors and employees practise ethical, business like and lawful conduct, including proper use of authority and provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. The Code was last reviewed by the Board on 25 April 2023 and is published on the Company's website at www.cgbgroup.com.my.

The Group has also established the Whistleblower Policy ("the Policy") so that any employee of the Group can seek guidance and report suspected and/or known misconduct, wrongdoings, corruption and other malpractices involving the resources of the Group and in the matters of financial reporting and compliance. Reports can be made anonymously and arrangements are in place for the independent investigations and appropriate follow-up action. The Policy was last reviewed by the Board on 25 April 2023 and is published on the Group's website at www.cgbgroup.com.my.

Anti-Bribery and Corruption Policy

The Company does not endorse bribery, be it giving or accepting the ill-gotten monies.

The Company has established the Anti-Bribery and Corruption Policy pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Company has engaged consultants in the 2nd quarter of 2020 to build the framework and our staff is aware of the Section 17A of the Corporate Liability. They are aware that the Company has the Anti-Bribery and Corruption Policy that the Group does not condone gift giving/receiving. The Company has adopted this policy in year 2021 and published on the Group's website at www.cgbgroup.com.my.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

Business Sustainability and Environmental, Social and Governance

The Group is committed to operate its business in accordance with environmental, social and economic responsibilities in compliance with all relevant laws in order to meet the requirements and aspirations of various stakeholders. The Group strives to achieve a long term sustainable balance between meeting its business goals and preserving the environment as it recognises that the sustainability of ecosystems is an integral part of sustaining its long term business plans. A Sustainability Statement is set out on pages 24 to 47 of this Annual Report.

Access to Information and Advice

Prior to meetings of the Board and Board Committees, appropriate documents, which include the agenda, Board Papers and reports relevant to the issues to be deliberated at the meetings covering the areas of financial, operational and regulatory compliance matters, are circulated to all Directors, to enable them to review and disseminate the reports, obtain further explanation, if necessary and enable focused and constructive deliberation at meetings. All proceedings of Board meetings are minuted and signed by the Chairman of the meeting.

Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to advise the Board and furnish relevant information and clarification for the Board to arrive at a considered decision.

All Directors have direct access to the Senior Management and have unrestricted access to all information relating to the Group to enable them to discharge their duties. In the furtherance of its duties, the Board may when necessary, obtain independent professional advice on specific matters, at the Group's expense.

All Directors have direct access to the services of the Company Secretary. The Board is regularly updated and advised by the Company Secretary.

Qualified and Competent Company Secretary

The Board is supported by experienced and competent Company Secretaries in discharging its duties and responsibilities. The Company Secretaries are qualified Chartered Secretaries, members of the Malaysian Institute of Chartered Secretaries and Administrators. The Board receives regular advice, updates and notices from the Company Secretaries to ensure compliance with applicable laws, regulations and corporate governance matters. The Company Secretaries attend and ensure that all Board and Board Committees meetings are properly convened and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

The appointment and termination of Company Secretary are under the purview of the Board of Directors.

Board Charter

Board delegates the day-to-day operations of the Group to the Group Managing Director, Executive Director and managers of its subsidiaries who have vast experience in the respective business of the Group. The Board has established clear functions reserved for the Board and those delegated to the Management in the Board Charter ("the Charter"). The Charter provides guidance for the Directors and the Management on the responsibilities of the Board, its Committees and requirements of Directors which are subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance. The Charter was last reviewed by the Board on 25 April 2023 and is published on the Company's website at www.cgbgroup.com.my.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

REINFORCE INDEPENDENCE

Assessment of Independence

The Board undertakes an annual assessment of Independent Directors and is satisfied that they continue to bring independent and objective judgement to board deliberations. A self-assessment is also carried out by the Independent Directors once every year.

Tenure of Independent Director

One of the recommendations of MCCG states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. However, the Board has not adopted a nine-year policy for Independent Directors. The Board noted that the MMLR on the twelve (12) years tenure limit for Independent Directors.

Chairman, Group Managing Director and Executive Director

The roles of the Chairman, the Group Managing Director and Executive Director are separated to ensure there is a balance of power and authority. The Chairman of the Board is not a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee and does not involve in all these three (3) Board Committees. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board, while the Group Managing Director and Executive Director have overall responsibility for the day-to-day management of the business and implementation of the Board's policies and decisions.

The Board is led by Dato' Faisal Zelman bin Datuk Abdul Malik, a Non-Independent Non-Executive Chairman while the executive management of the group of companies is headed by the Group Managing Director, Mr. Chew Hian Tat and the Executive Director, Mr. Lee Chee Vui. The Group Managing Director and the Executive Director are supported by the senior management personnel of the respective subsidiaries, responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies of the Group.

The Executive and Non-Executive Directors, with their different backgrounds and specialisations, collectively bring to them a wide range of experience and expertise in areas such as finance, legal, corporate affairs, marketing and operations.

Composition of the Board

At the date of this statement, the Board consists of seven (7) members comprising one (1) Non-Independent Non-Executive Chairman, one (1) Group Managing Director, one (1) Executive Director and four (4) Independent Non-Executive Directors. All the Independent Non-Executive Directors fulfil the criteria of independence as defined in the MMLR of Bursa Securities. The proportion of more than one-third of the Independent Non-Executive Directors provides effective check and balance in the functioning of the Board.

The presence of Independent Non-Executive Directors in the Board is essential as they provide an unbiased and independent view, advice and judgement to the decision-making of the Board and provide an appropriate check and balance for the Group Managing Director, Executive Director and managers of its subsidiaries, thereby ensuring that no one individual or group dominates the Board's decision-making process. They also ensure strategies proposed by the Management are fully deliberated on and take into account the interests of minority shareholders, employees, customers and the communities in which the Group conducts its business. Together with the Group Managing Director, Executive Director and managers who have intimate knowledge of the businesses, the Board is constituted of individuals who have a proper understanding of and competence to deal with, current and emerging business issues.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

FOSTER COMMITMENT

Time Commitment and Expectations

During the financial year ended 31 December 2022, the Board met on six (6) occasions, where it deliberated upon and considered a variety of matters including the Group's financial results, strategic decisions and the direction of the Group.

Name of Directors	Attendance
Dato' Faisal Zelman bin Datuk Abdul Malik	6/6
Mr. Chew Hian Tat	6/6
Mr. Lee Chee Vui	4/4
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah	3/6
Mr. Lee Swee Meng	5/6
Encik Sahari bin Ahmad	6/6
Mr. Lee King Loon (Resigned on 30.12.2022)	6/6
Madam Tan Suat Hoon (Appointed on 03.01.2023)	N/A

All the Directors have complied with the minimum 50% attendance requirement as stipulated in the MMLR.

All Directors are furnished with the notice of meeting, the agenda and supporting documents on matters requiring their consideration in advance of each Board meeting. The Chairman, with the assistance of the Company Secretary, undertakes the primary responsibility for organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis. During the meetings, the Board is briefed on matters dealt with in the agenda and, where appropriate, additional information is made available to Directors. All proceedings of Board meetings are duly recorded and the minutes thereof signed by the Chairman of the Board.

Training

The Board, through the Nomination Committee, ensures that it recruits to the Board only high calibre individuals with relevant industrial, knowledge and experience to fulfil the duties of a Director appropriately. As at the date of this Statement, all Directors have attended and successfully completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board is cognizant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise, skills and professionalism in discharging their duties. As the Board members have attended a diverse range of training programmes during the year to enhance their knowledge and skills in specific areas, the Nomination Committee is of the opinion that the Directors have assessed and addressed their own training needs.

Details of trainings attended by the Directors during the financial year ended 31 December 2022 are as detailed below:-

Director Name	Date	Training Program
Lee Swee Meng	15- 17 February 2022	Mandatory Accreditation Programme (MAP)
Sahari bin Ahamd	15-17 March 2022	Mandatory Accreditation Programme (MAP)
Lee Chee Vui	4-6 July 2022	Mandatory Accreditation Programme (MAP)
Lee Chee Vui	10 October 2022	Masterclass: The Effective Board- Integral Components Required for Board Effectiveness
Chew Hian Tat	17 October	Masterclass: Merger & Acquisition for Boards

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. BOARD RESPONSIBILITIES (CONT'D)

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and announcements of quarterly financial results to shareholders, the Board takes responsibility in conveying a balanced and understandable assessment of the Group's position and prospects.

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, announcements of quarterly financial results to Bursa Securities as well as the Chairman's statement and review of financial and operations in the Annual Report. The Board is assisted by the Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reports.

Directors' responsibility statement in respect of the preparation of the audited financial statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Company and its subsidiaries ("the Group") as at the end of the financial year and the results of their operations and cash flows for the year then ended. In preparing the financial statements, the Directors have ensured that applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been applied.

In preparing the financial statements, the Directors have selected and applied consistently suitable accounting policies and made reasonable and prudent judgements and estimates.

The Directors also have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

State of internal controls

The Statement on Risk Management and Internal Control furnished on pages 64 to 66 of this Annual Report, provides an overview on the state of internal controls within the Group.

Relationship with the Auditors

Key features underlying the relationship of the Audit and Risk Management Committee with the internal and external auditors are included in the Audit and Risk Management Committee Report in this Annual Report.

A summary of the work of the Audit and Risk Management Committee during the financial year are set out in the Audit and Risk Management Committee Report on page 65 of this Annual Report.

Assessment of External Auditors

The Audit and Risk Management Committee has the overall assessment to evaluate the performance, competency and independence of the external auditors.

Going forward, the Audit and Risk Management Committee will establish a policy governing the circumstance under which contracts for provision of non-audit services could be entered into by the external auditors.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION

Nomination

The Nomination Committee ("the Committee") comprises the following members:

Chairman	:	Encik Sahari bin Ahmad Independent Non-Executive Director
Members	:	Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah Independent Non-Executive Director
	:	Mr. Lee Swee Meng Independent Non-Executive Director

The Committee consists entirely of Independent Non-Executive Directors. In observance with MCCG, the Committee is chaired by an Independent Non-Executive Director.

Develop, Maintain and Review the Criteria for Recruitment and Annual Assessment of Directors

The Committee is responsible for identifying, evaluating and nominating suitable candidates to be filled to the Board and Board Committees. In assessing and evaluating the suitability of candidates for recommendation to the Board for appointment as well as Directors who are seeking for re-election, the Nomination Committee will consider the criteria set out in the Directors' Fit and Proper Policy including skills, knowledge, experience, expertise, professionalism, integrity, capabilities, competencies, time commitment and in case of candidates for the position of Independent Non-Executive Directors, the candidates' ability to discharge such responsibilities and its creditability are also taken into consideration.

During the year, the Company has one (1) new appointment of Director, namely Madam Tan Suat Hoon. The Management sourced the candidate through the referral from the business contact. The Nomination Committee interviewed the proposed candidate, assessed her based on Directors' Fit and Proper Policy. The proposed candidate was shortlisted and recommended to the Board. The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the Board. The Board is entitled to the services of the Company Secretary who ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

The Board, assisted by the Committee, assesses the effectiveness of the Board, the Board Committees and the contribution of each individual Director, including Independent Directors, on an annual basis. Questionnaires are sent to Directors to obtain their feedback, views and suggestions to improve the performance of the Board and its Board Committees. The assessment results were summarised for analysis by the Company Secretary. The recommendations of the Committee will be presented to the Board for consideration.

The Committee met two (2) times during the financial year and all Committee members attended the meeting. During the year, the Committee conducted assessment on the effectiveness of the Board, its Committees and the contribution of each Director. Various factors were considered including its composition and size, mix of skills and experience, conduct of meetings, roles and responsibilities, contribution and performance, communications and supply of timely information. All assessments and evaluations carried out by the Nomination Committee are documented. The Committee has also identified programmes, with the assistance of the Company Secretary, for the continuous training of the Board members to ensure that they are conversant with industry trends and developments. The Board has taken steps to ensure that its members continuously have access to appropriate continuing education programmes.

The Board has not established gender policy on setting targets for women candidates. Nonetheless, the Board support the gender diversity policy and has one (1) female Independent Non-Executive Director in the Board (i.e. 14% woman director). The Board does not have a formal gender diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group based on merit, experience and knowledge. The same goes to the senior management.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

Develop, Maintain and Review the Criteria for Recruitment and Annual Assessment of Directors (Cont'd)

In the absence of formal procedure, a Director accepting new directorship will notify the Board ahead of his or her new appointment and pledged his or her time commitment for accepting new directorships with other listed entities. Going forward, the Board would obtain from its Directors their full commitment to devote sufficient time to carry out their responsibilities effectively and efficiently and where appropriate, the ability of the candidates to act as Independent Non-Executive Directors to exercise independent judgement and opinion.

The Terms of Reference of the Committee is published on the Company's website at www.cgbgroup.com.my in line with Paragraph 15.08A(2) of MMLR.

Re-election

In accordance with the provisions of the Company's Constitution, one-third of the Directors for the time being or, if their number is not a multiple of three (3), then the number nearest to one-third shall retire from office at the Annual General Meeting ("AGM"). All the Directors shall retire from office at the first annual general meeting and once at least in each three years and shall be eligible for re-election. In the event of any vacancy in the Board resulting in non-compliance with Paragraph 15.02 (1) of the MMLR, the Company must fill the vacancy within three (3) months.

At the forthcoming AGM, Dato' Faisal Zelman bin Datuk Abdul Malik and Encik Sahari bin Ahmad will retire by rotation pursuant to Clause 78 of the Company's Constitution whereas Madam Tan Suat Hoon will retire by rotation pursuant to Clause 79 of the Company's Constitution. All retiring directors being eligible, offer themselves for re-election.

The evaluation process was carried out through a set of questionnaires which was duly completed by each Nomination Committee Members, in respect to each of the Directors seeking for re-election with reference to Directors' Fit and Proper Policy. The Nomination Committee assessed and is satisfied and made recommendations to the Board for re-election of all the retiring Directors.

III. DIRECTORS' REMUNERATION

Remuneration Committee

The Board has established a Remuneration Committee ("the Committee") consisting of the following Independent Non-Executive Directors:-

Chairman	:	Mr. Lee Swee Meng Independent Non-Executive Director
Members	:	Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah Independent Non-Executive Director
	:	Encik Sahari bin Ahmad Independent Non-Executive Director

The Group's policy on the Directors' remuneration is to attract, retain and motivate Directors to effectively oversee the business of the Group. The Committee is responsible for recommending and putting in place a structured remuneration framework for Executive Director.

The Committee takes into account corporate financial performance as well as performance on a range of non-financial factors including accomplishment of strategic goals. The Committee recommends to the Board the remuneration package of the Executive Directors and the Managing Director of the subsidiaries it is the responsibility of the Board to approve the remuneration package of an Executive Director, with the Executive Director concerned abstaining from deliberation and voting on the same.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. DIRECTORS' REMUNERATION (CONT'D)

Remuneration Committee (Cont'd)

For Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole, with the Directors concerned abstaining from deliberations or voting on decision in respect of their individual remuneration.

All Directors are paid with Directors' fees and meeting allowance. Additional fees will be given for undertaking responsibilities as Chairman of the Board. The aggregate amount of Directors' fees to be paid to the Directors is subject to the approval of the shareholders at AGM.

In addition to the above, the Directors are covered by the Directors and Officers ("D&O") Liability insurance in respect of any liabilities arising from acts committed in their capacity as D&O of the Company.

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2022, are as follows:-

In RM'000				**Group**			
Director	**Fees (RM)**	**Allowance (RM)**	**Salary (RM)**	**Bonus (RM)**	**Benefits-in-kind (RM)**	**Other Emoluments (RM)**	**Total (RM)**
Non-Independent Non-Executive Chairman							
Dato' Faisal Zelman bin Datuk Abdul Malik	50,000	10,500	-	-	-	-	60,500
Independent Non-Executive Director							
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah	36,000	7,000	-	-	-	-	43,000
Lee Swee Meng	36,000	8,250	-	-	-	-	44,250
Sahari bin Ahmad	36,000	10,250	-	-	-	-	46,250
Tan Suat Hoon *(Appointed on 03.01.2023)*	-	-	-	-	-	-	-
Lee King Loon *(Resigned on 30.12.2022)*	36,000	11,000	-	-	-	-	47,000
Group Managing Director							
Chew Hian Tat	10,000	-	420,000	-	50,400	-	480,400
Executive Director							
Lee Chee Vui	7,500	-	240,000	-	28,800	-	276,300
Tan Yeang Tze (Tobby) (Resigned on 10 March 2022)	1,890	-	52,677	-	6,324	-	60,891
Total	**213,390**	**47,000**	**712,677**	**-**	**85,524**	**-**	**1,058,591**

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. DIRECTORS' REMUNERATION (CONT'D)

Remuneration Committee (Cont'd)

Details of the nature and amount of each major element of the remuneration of Directors of the Company during the financial year ended 31 December 2022, are as follows (Cont'd):-

In RM'000				Company			
Director	**Fees (RM)**	**Allowance (RM)**	**Salary (RM)**	**Bonus (RM)**	**Benefits-in-kind (RM)**	**Other Emoluments (RM)**	**Total (RM)**
Non-Independent Non-Executive Chairman							
Dato' Faisal Zelman bin Datuk Abdul Malik	50,000	10,500	-	-	-	-	60,500
Independent Non-Executive Director							
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah	36,000	7,000	-	-	-	-	43,000
Lee Swee Meng	36,000	8,250	-	-	-	-	44,250
Sahari bin Ahmad	36,000	10,250	-	-	-	-	46,250
Tan Suat Hoon *(Appointed on 03.01.2023)*	-	-	-	-	-	-	-
Lee King Loon *(Resigned on 30.12.2022)*	36,000	11,000	-	-	-	-	47,000
Group Managing Director							
Chew Hian Tat	10,000	-	420,000	-	50,400	-	480,400
Executive Director							
Lee Chee Vui	7,500	-	-	-	-	-	7,500
Tan Yeang Tze (Tobby) (Resigned on 10 March 2022)	1,890	-	52,677	-	6,324	-	60,891
Total	**213,390**	**47,000**	**472,677**	**-**	**56,724**	**-**	**789,791**

Range of remuneration	Number of Senior Management Staff
RM150,001 - RM200,000	2
RM200,001 - RM250,000	1
RM250,000 above	2

The board has chosen to disclose the remuneration of the senior management staff in bands instead of named basis as the Board considered the information of the remuneration of these staff to be sensitive and proprietary. The transparency and accountability aspects of corporate governance applicable to the remuneration of these staff are deemed appropriately served by the above disclosures.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Risk Management Framework

The Board of Directors has always placed significant emphasis on sound internal controls which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the Group's internal controls system which encompasses risk management practices as well as financial, operational and compliance controls. However, it should be noted that such system, by its nature, manages but not eliminate risks and therefore can provide only reasonable and not absolute assurance against material misstatement, loss or fraud.

Ongoing reviews are performed throughout the year to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place.

Internal Audit Function

The Board acknowledges the importance of internal audit function and has engaged the services of an external independent professional accounting and consulting firm who reports directly to the Audit and Risk Management Committee at least on a semi-annually basis. Further details of the Group's internal control system and framework are found in the Statement on Risk Management and Internal Control and the Audit and Risk Management Committee Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP

Corporate Disclosure

The Board recognises the importance of accountability to its shareholders through proper and equal dissemination of information to its shareholders. The Board acknowledges that shareholders should be informed of all material business matters which influence the Group. Timely release of quarterly financial results to Bursa Securities and other information and corporate actions taken by the Group that warrant an announcement to Bursa Securities under MMLR of Bursa Securities provide shareholders with a current overview of the Group's performance. Towards this end, the Board has established a Policy on Corporate Disclosure which provides guidance to the Board, the Management and the employees on the Group's disclosure requirements and practices in disseminating material information to and in dealing with stakeholders, analysts, media and the investing public.

In addition, the Board and the Management welcome any form of visit by fund managers and analysts and conduct regular briefings to them as the Board believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties.

Using Information Technology for Effective Dissemination

The Group also maintains an official website at www.cgbgroup.com.my that provides background information of the Group to the public. However, in any circumstances, while the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. However, in any of the circumstances, the Directors are cautious not to provide undisclosed material information about the Group and frequently stress the importance of timely and equal dissemination of information to shareholders and stakeholders.

STATEMENT OF CORPORATE GOVERNANCE
(cont'd)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP (CONT'D)

Encourage Shareholder Participation at General Meetings

Whilst this Annual Report provides a comprehensive source of information on the Group's financial and operational performance, AGM and Extraordinary General Meetings provide a platform for shareholders to seek more information and clarification on the audited financial statements, operational issues and other matters of interest.

The Directors readily available themselves to answer any such questions that may arise as shareholders may seek more information than what is available in this Annual Report. The Company's practice is to send out the notice of AGM and related papers to shareholders at least twenty-one (21) days before the meeting.

Poll Voting

At general meetings, shareholders are given the opportunity to seek clarification on any matter pertaining to the business activities and financial performance of the Group. All resolutions in the general meetings were deliberated, take on the questions and answers before putting to vote. Voting is by way of poll and an independent scrutineer is appointed to verify the poll results.

Communication and Engagement with Shareholders

The Board will maintain an effective communication policy that enables both the Board and the Management to communicate effectively with shareholders and the general public. The shareholders shall be informed of all material matters affecting the Group.

The ways of communication to shareholders are as follows:

(a) timely announcements and disclosures made to the Bursa Securities, which include quarterly financial results, material contract awarded, changes in the composition of the Group and any other material information that may affect investors' decision making;

(b) make available of the additional corporate information and/or disclosures of the Group for reference on the Company's website; and

(c) ensure that the general meetings are conducted in an efficient manner, which includes supply of comprehensive and timely information and active participation of the shareholders at AGM.

The Company had conducted a virtual Third Annual General Meeting ("3rd AGM") which was held through live streaming via remote participation and voting facilities on Tuesday, 21 June 2022 at 10.00 a.m., by leveraging technology in accordance with Sections 327(1) and (2) of the Companies Act 2016, Clause 59 of the Constitution of the Company and the Securities Commission Malaysia's Guidance and FAQs on the Conduct of General Meetings for Listed Issuers.

All the Board members attended the 3rd AGM together with the Joint Secretaries, the External Auditors and the senior management.

COMPLIANCE STATEMENT

The Board is satisfied that the Group had applied most of the principles and best practices of MCCG during the financial year. The Board is committed and will continue to enhance compliance with MCCG within the Group. This statement on Corporate Governance has been approved by the Board of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysian Code on Corporate Governance promulgates, inter-alia, the need for listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and Group's assets. The Board of Directors ("the Board") of CGB is pleased to present the Statement on Risk Management and Internal Control ("the Statement") which is in compliance with paragraph 15.26(b) of Bursa Securities' MMLR and has taken into account the guidelines mentioned in the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers).

RESPONSIBILITY FOR RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises and affirms its overall responsibility for the Group's system of internal control and risk management as well as reviewing the adequacy and effectiveness of those systems on a regular basis. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives. As such, they can only provide reasonable assurance rather than absolute assurance against material misstatement or loss.

The Board and Management acknowledge that a sound internal control system is a vital process developed to ensure effective and efficient operation, provide reliable and relevant reporting, and compliance with the applicable laws and regulations. The Board has established an on-going process for identifying, evaluating and managing the significant risks faced, or potentially exposed to, by the Group in pursuing and achieving its business objectives and strategies. This process has been in place throughout the financial year and up to the date of approval of the Annual Report.

The Group has established a Risk Management Working Group ("RMWG") for each major subsidiaries to identify risk profiles of all departments within the operations and also reviewing the areas that require further improvement. The RMWG consists of the Business Head of the subsidiary as the chairman and the Head of Departments as members.

The terms of reference of RMWG are:

a) Create a high level risk policy aligned with the Group's strategic business objectives;
b) Identify critical risks, whether present or potential, their changes and the management's action plans to manage the risks;
c) Perform risks oversight and review the risk profiles of the respective companies and monitor organisational performance; and
d) Provide guidance to the business units/departments on the Group's risk appetite.

RMWG is to hold at least two (2) meetings during the year and all Department Heads are responsible to carry out action plans at their respective areas of responsibilities. Progress is monitored by the Management through meetings scheduled half yearly or as and when deemed necessary.

The following processes are being carried out continuously by its manufacturing operations, CICB:

a) Actively engages in the development of new products through new formulations and substitute materials via a New Product Development program ("NPD") with meetings every fortnightly. The NPD meeting is chaired by the Technical Manager to spearhead the development activities and to monitor overall progress;
b) Implement strict credit evaluation on every new customer for credit worthiness before credit terms and credit limits are approved. Annual assessment and review of existing customers credit worthiness to mitigate and monitor overall credit risks are conducted during the monthly Accounts Receivable meetings between Finance and Sales departments; and
c) The Sales and Finance departments jointly conduct Accounts Receivable meetings every month analysing the ageing of every customer and decide on actions to be taken to recover overdue receivables and doubtful debts.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(cont'd)

RISK MANAGEMENT

Risk management is regarded by the Board as part of the business operation activities of the Group. It is the Board's priority to ensure that the uncertainties and investment risks in new business ventures are managed in order to safeguard the interests of the shareholders. Collectively, the Board oversees and reviews the conduct of the Group's businesses while the Management executes measures and controls to ensure that risks are effectively managed. As part of risk identification process, the Board receives updates of the Group's risk management by the Management during the Board meetings.

The Board, assisted by the Audit and Risk Management Committee deliberates the integrity of the financial results, Annual Report and audited financial statements before presenting these financial information to the shareholders and public investors.

For bribery and corruption risks, the Group has adopted the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 to prevent, detect and respond to bribery and corruption risks.

INTERNAL AUDIT

The Group engaged RSM, an independent professional firm as the Internal Auditors to provide independent internal audit services to the Group. RSM is responsible to develop the internal audit plan for year 2022.

The principal role of the Internal Auditors is to assist the Audit and Risk Management Committee in discharging its duties and responsibilities in reviewing the adequacy and effectiveness of the internal control system, risk management framework, governance control and processes.

The Audit and Risk Management Committee has full and direct access to the Internal Auditors, reviews their reports on all audits performed and monitors their performance. The Audit and Risk Management Committee also in its framework reviews the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors.

The outsourced Internal Auditors carried out internal audits on various operating units within the Group based on a risk-based audit plan approved by the Audit and Risk Management Committee. Based on these audits, the outsourced Internal Auditors provided the Audit and Risk Management Committee with periodic reports highlighting observations, recommendations and management action plans to improve the system of internal control.

For the financial year ended 31 December 2022, a summary of activities carried out by the outsourced Internal Auditors for three (3) major subsidiaries of the Group, Proventus Bina Sdn. Bhd. ("PBSB"), RYRT International Sdn. Bhd. ("RYRT") and Central Industrial Corporation Berhad ("CICB"), include:

- Four (4) audits on:
    - Project Management (PBSB)
    - Contract Management (RYRT)
    - Production Management (CICB)
    - Contract Management (PBSB)

- Four (4) follow-up reviews on:
    - Finance Management (PBSB)
    - Project Management (PBSB)
    - Contract Management (RYRT)
    - Production Management (CICB)

- Issued reports on the results of the internal audit/reviews, weaknesses identified with suggested recommendations for improvements to Management for further action to improve the system of internal control;

- Attended Audit and Risk Management Committee's meetings to table and to discuss the internal audit reports; and

- Followed-up the implementation of corrective action plans agreed by Management.

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

INTERNAL CONTROL

The Board and Audit and Risk Management Committee

The Board which has overall responsibility for the system of internal controls and risk management that adequately manage the various risks faced by the Group while the Audit and Risk Management Committee is overall responsible for providing assurance, where appropriate to the Board, as an independent party on the effectiveness of the internal control system and risk management in the Group.

Organisational Structure and Authorisation

In striving to operate a sound system of risk management and internal control that drives the Group towards achieving its goals, the Board has put in place an organisation structure with formally defined lines of responsibility and Limits of Authority for the Group's operating units.

The daily running of business operations is entrusted to the respective Head of Business of the subsidiaries. Under the purview of the Head of Business, the respective heads of each department of the operating subsidiaries are empowered with the responsibility to manage their respective operations.

The head office coordinates the process for the Group for the coming year wherein the Budgets are discussed and ultimately approved by the Group Managing Director and Executive Director (collectively known as "EXCO"). Actual performances are monitored and measured monthly against Budget by the Management and corrective actions taken to address shortfall areas. Major decisions that require the approval of the EXCO are only made after detailed appraisal and review. Proposals for major capital expenditure and new investment by the Group are reviewed and approved by the Board.

Information and Communication

The Audit and Risk Management Committee holds meetings to deliberate on the findings and recommendations for improvement by the Internal Auditors on the state of the internal control system and reports to the Board. The Audit and Risk Management Committee also reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

Quarterly performance reports provide the Board and Management with information on financial performance and key business indicators.

Monitoring and Review

Scheduled periodic meetings of the Board, Board Committees and Management represent the main platform by which the Group's performance and conduct are monitored. Informal Board and Management meetings at operational level are also held during the financial year in order to assess performance and controls.

Periodic reviews of adequacy and integrity of selected areas of internal control system are carried out by the Internal Auditor and results of such reviews are reported to the Audit and Risk Management Committee. The internal audit function thereby provides independent assurance on the areas reviewed by the Internal Auditor to the Board on the effectiveness of the Group's internal control system.

Board Assurance and Limitation

While the Board reiterates that the risk management and system of internal control should be continuously improved in line with evolving business developments, it should also be noted that all risk management and system of internal control can only manage rather than eliminate the risks of the failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

The Board is committed towards enhancing the internal control system of the Group. Where areas of improvement in the system are identified, the Board considers the recommendations made by both the Audit and Risk Management Committee and Management.

The Board has received assurance from the EXCO and the respective Business Head of its major operating units that the subsidiary's risk management and internal control system are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the subsidiary and on-going improvements to internal control will continue to be prioritised by the subsidiary.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 25 April 2023.

OTHER INFORMATION

Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees incurred for the services rendered by external auditors of the Group for the financial year ended 31 December 2022 were as follows:

	Group RM	Company RM
Audit Fees	307,422	35,000
Non-audit Fees	12,000	12,000

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2022 or since the end of the previous financial year, other than as disclosed in the financial statements in this Annual Report.

Utilisation of Private Placement Proceeds

On 5 April 2021, the Company has undertaken a private placement of up to 18,000,000 ordinary shares in the Company, representing not more than 20% of its total number of issued shares (excluding treasury shares, if any), of which 11.864 million ordinary shares have been subscribed and issued up to 31 December 2022.

The total proceeds raised from this corporate exercise and the status of the utilisation of the proceeds arising from private placement is set out below:

Description	Proceeds raised (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)
Capital expenditure for purchase and installation of a new masking tape coater production line	3,000	995	2,005
Funding for the Group's existing construction project	7,417	7,417	-
Working capital	2,228	2,228	-
Expenses relating to the Private Placement	380	378	2
Total	13,025	11,018	2,007

Long-Term Incentive Plan ("LTIP")

The Company had at the Extraordinary General Meeting held on 27 October 2021 obtained its shareholders' approval to establish the LTIP which comprise of share option scheme and share grant scheme. The LTIS shall be in force for a period of five (5) years from the effective date of 21 March 2022.

On 29 December 2022, the Company announced that 7,487,264 ordinary shares of the Company are to be awarded under the Company's share grant scheme ("SGS").

On 18 January 2023, the Company announced that effective grant date for the first tranche of the SGS amounting to 697,859 ordinary shares of the Company shall be on 18 January 2023 at an issue price at RM0.9635 based on the five (5)-day volume weighted average market price of the Company's shares immediately preceding the share grant date.

On 11 April 2023, the company announced that the effective grant date for the first tranche of the SGS amounting to 945,340 ordinary shares of the Company to the eligible director on 11 April 2023 an issued price at RM1.1085 based on the five (5)-day volume weighted market price of the Company shares immediately preceding the share grant date.

Recurrent Related Party Transactions of A Revenue Nature

There were no recurrent related party transactions of a revenue nature during the financial year.

REPORTS AND FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

CONTENTS

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 in investment holding. The principal activities of its subsidiaries are disclosed in Note 9 to the financial statements.

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

RESULTS

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

	Group RM	Company RM
Profit/(Loss) for the financial year, net of tax	13,130,990	(2,273,028)
Attributable to:		
Owners of the Company	7,466,689	(2,273,028)
Non-controlling interest	5,664,301	-
	13,130,990	(2,273,028)

DIVIDENDS

No dividends 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 dividends 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 other than those disclosed in the financial statements.

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 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 that would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT
(cont'd)

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, except as disclosed in the financial statements,

(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,

(i) the Company issued 28,942,308 new ordinary shares at a price of RM1.04 per ordinary share as the purchase consideration for the acquisition of the 70% equity interest in RYRT International Sdn Bhd pursuant to a share sale agreement dated 26 January 2022. The fair value of the new ordinary shares, amounting to RM0.93 per ordinary share; and

(ii) the Company issued 10,953,904 ordinary shares from the exercise of 10,953,904 units of Warrants at an exercise price of RM0.80.

The issued share capital of the Company increased from RM64,432,047 to RM100,111,517.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

The Company did not issue any debentures during the financial year.

WARRANTS

Warrants (2022/2025)

The warrants issued on 29 July 2022 are constituted under a Deed Poll dated 5 July 2022 executed by the Company. The warrants are listed on the Bursa Malaysia Securities Berhad.

The movement of warrants during the financial year ended 31 December 2022 are stated as below:

	Number of warrants			
	At 1.1.2022	**Issued**	**Exercised**	**At 31.12.2022**
Warrants (2022/2025)	-	62,391,724	(10,953,904)	**51,437,820**

The salient features of the Warrants [2022/2025] are as follows:

(i) Each warrant will entitle the registered holder/(s) at any time prior to 26 July 2025 to subscribe for one (1) new ordinary share at RM0.80 each. The Warrants entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll dated 5 July 2022;

(ii) The exercise period is three (3) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, distribution and/or offer of securities in the Company until and unless such holders of the Warrants exercise their Warrants into new shares.

As at reporting date, 51,437,820 Warrants remained unexercised.

DIRECTORS' REPORT
(cont'd)

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:

Dato' Faisal Zelman bin Datuk Abdul Malik	
Chew Hian Tat *	
YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah	
Lee Chee Vui *	
Lee Swee Meng	
Sahari Bin Ahmad	
Tan Suat Hoon	(Appointed on 3 January 2023)
Lee King Loon	(Resigned on 30 December 2022)

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of directors of the subsidiaries 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:

Yao Kee Kong	
Yeoh Weng Hong	
Terence Yee Wai Leong	
Soo Yu Chai	
Lau Chee Wai	(Appointed on 18 April 2022)
Chan Chee Wai	(Resigned on 9 May 2022)
Soo Yew Sin	(Resigned on 24 May 2022)
Beh Kim Boon	(Resigned on 22 June 2022)
Lim Han Boon	(Resigned on 16 December 2022)
Kong Teck Fong	(Resigned on 16 December 2022)

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:

	Number of ordinary shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
Direct interests				
Chew Hian Tat	**25,678,078**	7,220,000	-	**32,898,078**
Lee Chee Vui	**-**	1,050,000	-	**1,050,000**
Lee Swee Meng	**313,300**	-	100,000	**213,300**
Indirect interests				
Chew Hian Tat	**3,550,000**	1,692,000	-	**5,242,000**
Lee Chee Vui	**-**	28,942,308	18,414,000	**10,528,308**

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS (CONT'D)

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 (Cont'd):

	Number of warrants			
	At 1.1.2022	**Allotted and/or Bought**	**Sold**	**At 31.12.2022**
Direct interests				
Chew Hian Tat	-	18,704,039	-	**18,704,039**
Lee Swee Meng	-	156,650	-	**156,650**
Indirect interests				
Chew Hian Tat	-	1,775,000	-	**1,775,000**
Lee Chee Vui	-	11,459,767	4,634,000	**6,825,767**

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Chew Hian Tat and Lee Chee Vui are deemed to have an interest in ordinary shares in the subsidiaries 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, none of the directors 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 subsidiary company with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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

	Group RM	**Company RM**
Directors		
- Fees	213,390	213,390
- Remuneration	2,035,923	519,677
- Defined contribution plans	265,683	56,724
	2,514,996	789,791

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

DIRECTORS' REPORT
(cont'd)

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 and its subsidiaries were RM10,000,000 and RM18,000 respectively.

SUBSIDIARIES

Details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event during and subsequent to the end of the financial year are disclosed in Note 33 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and the Company during the financial year were RM307,422 and RM35,000 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:

CHEW HIAN TAT
Director

LEE CHEE VUI
Director

Date: 25 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 31.12.2022 RM	Group 31.12.2021 RM (Restated)	Group 1.01.2021 RM	Company 31.12.2022 RM	Company 31.12.2021 RM
ASSETS						
Non-current assets						
Property, plant and equipment	5	**12,044,850**	10,061,317	12,145,907	**21,497**	22,894
Right-of-use assets	6	**1,742,520**	1,456,694	1,746,816	**-**	-
Investment properties	7	**577,072**	727,947	962,365	**-**	-
Goodwill on consolidation	8	**21,144,873**	-	-	**-**	-
Investment in subsidiaries	9	**-**	-	-	**87,799,022**	60,882,877
Total non-current assets		**35,509,315**	12,245,958	14,855,088	**87,820,519**	60,905,771
Current assets						
Inventories	10	**22,790,655**	17,494,825	13,101,800	**-**	-
Contract assets	11	**17,952,411**	9,396,961	9,334,370	**-**	-
Trade and other receivables	12	**104,637,116**	52,636,577	35,403,170	**16,800,169**	8,253,282
Current tax assets		**714,441**	415,505	-	**-**	-
Short-term investment	13	**27,150**	-	-	**-**	-
Fixed deposits with licensed banks	14	**1,728,975**	1,795,782	3,090,563	**-**	-
Cash and bank balances	15	**6,149,921**	10,453,667	9,905,970	**48,445**	2,304,841
Total current assets		**154,000,669**	92,193,317	70,835,873	**16,848,614**	10,558,123
TOTAL ASSETS		**189,509,984**	104,439,275	85,690,961	**104,669,133**	71,463,894

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022
(cont'd)

	Note	Group 31.12.2022 RM	Group 31.12.2021 RM (Restated)	Group 1.01.2021 RM	Company 31.12.2022 RM	Company 31.12.2021 RM
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	16	**100,111,517**	64,432,047	51,406,681	**100,111,517**	64,432,047
Translation reserve	17	**388,655**	294,493	248,273	**-**	-
Accumulated losses		**(8,495,675)**	(16,031,239)	(6,747,863)	**(6,657,780)**	(4,384,752)
		92,004,497	48,695,301	44,907,091	**93,453,737**	60,047,295
Non-controlling interests		**7,954,888**	-	1,926,029	**-**	-
TOTAL EQUITY		**99,959,385**	48,695,301	46,833,120	**93,453,737**	60,047,295
Non-current liabilities						
Loans and borrowings	18	**1,259,687**	82,338	244,758	**-**	-
Employee benefits	19	**1,322,217**	1,619,193	1,842,135	**-**	-
Deferred tax liabilities	20	**1,038,175**	339,767	196,000	**-**	-
Total non-current liabilities		**3,620,079**	2,041,298	2,282,893	**-**	-
Current liabilities						
Loans and borrowings	18	**9,990,829**	11,810,984	3,327,361	**-**	-
Contract liabilities	11	**16,206,883**	-	-	**-**	-
Trade and other payables	21	**50,228,465**	41,850,194	33,230,937	**11,215,396**	11,416,599
Current tax liabilities		**9,504,343**	41,498	16,650	**-**	-
Total current liabilities		**85,930,520**	53,702,676	36,574,948	**11,215,396**	11,416,599
TOTAL LIABILITIES		**89,550,599**	55,743,974	38,857,841	**11,215,396**	11,416,599
TOTAL EQUITY AND LIABILITIES		**189,509,984**	104,439,275	85,690,961	**104,669,133**	71,463,894

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Revenue	22	**211,169,597**	107,052,087	**-**	-
Cost of sales		**(176,595,753)**	(101,120,711)	**-**	-
Gross profit		**34,573,844**	5,931,376	**-**	-
Other income		**549,481**	1,322,883	**76,899**	25,881
Distribution expenses		**(3,767,483)**	(3,464,134)	-	-
Administrative expenses		**(9,960,685)**	(8,239,030)	**(2,347,483)**	(2,371,788)
Net (impairment loss)/reversal on financial instruments and contract assets		**(1,962,752)**	47,990	**-**	-
Other expenses		**(1,990,934)**	(2,061,177)	**(2,444)**	(2)
Operating profit/(loss)		**17,441,471**	(6,462,092)	**(2,273,028)**	(2,345,909)
Finance income	23	**34,717**	26,507	**-**	-
Finance costs	24	**(465,323)**	(283,887)	**-**	-
Profit/(Loss) before tax	25	**17,010,865**	(6,719,472)	**(2,273,028)**	(2,345,909)
Income tax expense	27	**(3,879,875)**	(373,930)	**-**	-
Profit/(Loss) for the financial year		**13,130,990**	(7,093,402)	**(2,273,028)**	(2,345,909)
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of employee benefits		**68,875**	325,945	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences on foreign operations		**94,162**	46,220	**-**	-
Total comprehensive income/(loss) for the financial year		**13,294,027**	(6,721,237)	**(2,273,028)**	(2,345,909)

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(cont'd)

	Note	Group 2022 RM	Group 2021 RM (Restated)	Company 2022 RM	Company 2021 RM
Profit/(Loss) attributable to:					
Owners of the Company		**7,466,689**	(7,093,402)	**(2,273,028)**	(2,345,909)
Non-controlling interests		**5,664,301**	-	**-**	-
		13,130,990	(7,093,402)	**(2,273,028)**	(2,345,909)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		**7,629,726**	(6,721,237)	**(2,273,028)**	(2,345,909)
Non-controlling interests		**5,664,301**	-	**-**	-
		13,294,027	(6,721,237)	**(2,273,028)**	(2,345,909)
Earnings/(Loss) per ordinary share attributable to					
Owners of the Company (sen)					
- Basic	28	**6.27**	(7.65)		
- Diluted	28	**6.26**	(7.65)		

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

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

	Attributable to owners of the Company					
	Share capital RM	Translation reserve RM	Accumulated losses RM	Sub-total RM	Non-controlling interests RM	Total equity RM
Group						
At 1 January 2021	51,406,681	248,273	(6,747,863)	44,907,091	1,926,029	46,833,120
Total comprehensive income/(loss) for the financial year						
Foreign currency translation differences for foreign operations	-	35,473	-	35,473	-	35,473
Remeasurement of employee benefits	-	-	325,945	325,945	-	325,945
Total other comprehensive income/(loss) for the financial year	-	35,473	325,945	361,418	-	361,418
Loss for the year	-	-	(7,093,402)	(7,093,402)	-	(7,093,402)
Total comprehensive income/(loss)	-	35,473	(6,767,457)	(6,731,984)	-	(6,731,984)
Transactions with owners						
Issue of ordinary shares	13,025,366	-	-	13,025,366	-	13,025,366
Disposal of a subsidiary	-	10,747	-	10,747	-	10,747
Changes in ownership interest in a subsidiary	-	-	(2,515,919)	(2,515,919)	(1,926,029)	(4,441,948)
Total transactions with owners	13,025,366	10,747	(2,515,919)	10,520,194	(1,926,029)	8,594,165
At 31 December 2021 (Restated)	**64,432,047**	**294,493**	**(16,031,239)**	**48,695,301**	**-**	**48,695,301**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(cont'd)

	Note	Share capital RM	Translation reserve RM	Accumulated losses RM	Sub-total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the Company					
Group							
At 31 December 2021							
- As previously stated		64,432,047	294,493	(13,036,878)	51,689,662	-	51,689,662
- Prior year adjustment	34	-	-	(2,994,361)	(2,994,361)	-	(2,994,361)
Restated balance at 1 January 2022		64,432,047	294,493	(16,031,239)	48,695,301	-	48,695,301
Total comprehensive income for the financial year							
Foreign currency translation differences for foreign operations		-	94,162	-	94,162	-	94,162
Remeasurement of employee benefits		-	-	68,875	68,875	-	68,875
Total other comprehensive income for the financial year		-	94,162	68,875	163,037	-	163,037
Profit for the year		-	-	7,466,689	7,466,689	5,664,301	13,130,990
Total comprehensive income/(loss)		-	94,162	7,535,564	7,629,726	5,664,301	13,294,027
Transactions with owners							
Issue of ordinary shares		8,763,124	-	-	8,763,124	-	8,763,124
Shared issued for acquisition of a subsidiary		26,916,346	-	-	26,916,346		26,916,346
Non-controlling interest arising from acquisition of a subsidiary	9(a)(i)	-	-	-	-	2,290,587	2,290,587
Total transactions with owners		35,679,470	-	-	35,679,470	2,290,587	37,970,057
At 31 December 2022		**100,111,517**	**388,655**	**(8,495,675)**	**92,004,497**	**7,954,888**	**99,959,385**

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(cont'd)

	Attributable to owners of the Company		
	Share capital RM	**Accumulated losses RM**	**Total equity RM**
Company			
At 1 January 2021	51,406,681	(2,038,843)	49,367,838
Total comprehensive loss for the financial year	-	(2,345,909)	(2,345,909)
Issue of ordinary shares	13,025,366	-	13,025,366
At 31 December 2021	64,432,047	(4,384,752)	60,047,295
Total comprehensive loss for the financial year	-	(2,273,028)	(2,273,028)
Issue of ordinary shares	8,763,124	-	8,763,124
Share issued for acquisition of a subsidiary	26,916,346	-	26,916,346
At 31 December 2022	**100,111,517**	**(6,657,780)**	**93,453,737**

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

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

	Group		Company	
	2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Cash flows from operating activities				
Profit/(Loss) before tax	**17,010,865**	(6,719,472)	**(2,273,028)**	(2,345,909)
Adjustments for:				
Depreciation of:				
- property, plant and equipment	**1,111,244**	1,521,322	**7,675**	3,295
- right-of-use assets	**243,564**	163,576	**-**	-
- investment properties	**16,901**	20,135	**-**	-
Impairment loss on goodwill	**426,772**	-	**-**	-
Loss on disposal of property, plant and equipment	**66,255**	246,761	**-**	-
Property, plant and equipment written off	**20,269**	7,076	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**301**	-
Impairment loss on trade receivables	**1,876,351**	3,058		
Reversal of impairment loss on trade receivables	**(7,650)**	(51,048)	**-**	-
Impairment loss on other receivables	**94,051**	-	**-**	-
Other receivables written off	**-**	520,000	**-**	16,610
Inventories written off	**-**	98,289	**-**	-
Employee benefits	**133,990**	149,298	**-**	-
Fair value loss on short-term investment	**35,150**	-	**-**	-
Gain on disposal of a subsidiary	**-**	(483,906)	**-**	(570)
Finance income	**(34,717)**	(26,507)	**-**	-
Finance costs	**465,323**	283,887	**-**	-
Net unrealised foreign exchange gain	**(25,265)**	(33,381)	**-**	(24,690)
Operating profit/(loss) before changes in working capital	**21,433,103**	(4,300,912)	**(2,265,052)**	(2,351,264)
Changes in working capital				
Inventories	**(5,265,738)**	(4,486,342)	**-**	-
Trade and other receivables	**(603,981)**	(17,685,370)	**(258)**	(19,110)
Contract assets	**(8,555,450)**	(62,591)	**-**	-
Trade and other payables	**(12,757,069)**	9,585,550	**(201,203)**	59,448
Contract liabilities	**(4,118,276)**	-	**-**	-
Net cash used in operations	**(9,867,411)**	(16,949,665)	**(2,466,513)**	(2,310,926)
Tax paid	**(1,177,705)**	(620,820)	**-**	-
Employee benefits paid	**(362,091)**	(46,295)	**-**	-
Net cash used in operating activities	**(11,407,207)**	(17,616,780)	**(2,466,513)**	(2,310,926)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(cont'd)

	Note	Group 2022 RM	Group 2021 RM (Restated)	Company 2022 RM	Company 2021 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	(a)	**(1,096,193)**	(514,446)	**(6,278)**	(26,189)
Proceeds from disposal of property, plant and equipment		**43,500**	994,713	**-**	-
Purchase of right-of use assets		**(658,351)**	-	**-**	-
Purchase of investment properties		**-**	(50,515)	**-**	-
Acquisition of a subsidiary, net of cash acquired		**2,162,994**	-	**-**	-
Disposal of a subsidiary,net of cash disposed		**-**	(333,897)	**-**	61,570
Advances to a subsidiary		**-**	-	**(8,546,629)**	(7,832,082)
Investment in subsidiaries		**-**	(4,441,948)	**(100)**	(750,402)
Change in fixed deposits		**-**	1,678,090	**-**	-
Interest received		**34,717**	26,507	**-**	-
Net cash generated from/(used in) investing activities		**486,667**	(2,641,496)	**(8,553,007)**	(8,547,103)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		**8,763,124**	13,025,366	**8,763,124**	13,025,366
Proceeds from disposal of short-term investment		**274,000**	-	**-**	-
Change in pledge deposits		**66,807**	(383,309)	**-**	-
Interest paid		**(465,323)**	(283,887)	**-**	-
Net drawdown of lease liabilities	(b)	**511,159**	-	**-**	-
Net repayment of hire purchase payables	(b)	**(191,085)**	(115,684)	**-**	-
Net drawdown of bankers' acceptance	(b)	**1,504,045**	4,780,843	**-**	-
Drawdown of revolving credit	(b)	**-**	3,000,000	**-**	-
Net repayments advances from subsidiaries		**-**	-	**-**	(112,535)
Net cash generated from financing activities		**10,462,727**	20,023,329	**8,763,124**	12,912,831
Net decrease in cash and cash equivalents		**(457,813)**	(234,947)	**(2,256,396)**	2,054,802
Cash and cash equivalents at the beginning of the year		**6,527,127**	6,759,557	**2,304,841**	250,039
Effects of exchange rate changes on cash and cash equivalents		**44,506**	2,517	**-**	-
Cash and cash equivalents at the end of the year		**6,113,820**	6,527,127	**48,445**	2,304,841
Analysis of cash and cash equivalents					
Cash and bank balances	15	**6,149,921**	10,453,667	**48,445**	2,304,841
Bank overdrafts	18	**(36,101)**	(3,926,540)	**-**	-
		6,113,820	6,527,127	**48,445**	2,304,841

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
(cont'd)

(a) Purchase property, plant and equipment.

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Purchase of property, plant and equipment	**1,921,493**	514,446	**6,728**	26,189
Financed by way of lease arrangement	**(825,300)**	-	**-**	-
Cash payments on property, plant and equipment	**1,096,193**	514,446	**6,278**	26,189

(b) Reconciliation of liabilities arising from financing activities:

Group	1 January 2021 RM	Non-cash acquisition RM	Disposal of subsidiary RM	Cash flows RM	31 December 2021 RM
Revolving credit	-	-	-	3,000,000	3,000,000
Bankers' acceptance	-	-	-	4,780,843	4,780,843
Hire purchase payables	425,706	-	(124,083)	(115,684)	185,939
	425,706	-	(124,083)	7,665,159	7,966,782

Group	1 January 2022 RM	Non-cash acquisition RM	Additions RM	Cash flows RM	31 December 2022 RM
Revolving credit	3,000,000	-	-	-	3,000,000
Bankers' acceptance	4,780,843	-	-	1,504,045	6,284,888
Lease liabilities	-	-	656,199	(145,040)	511,159
Hire purchase payables	185,939	598,214	825,300	(191,085)	1,418,368
	7,966,782	598,214	1,481,499	1,167,920	11,214,415

(c) Total cash outflows for leases as a lessee:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Included in net cash from operating activities:				
Payments relating to short-term leases and low-value assets	**418,097**	356,260	**19,602**	10,225
Interest paid in relation to lease liabilities	**49,920**	18,116	**-**	-
Included in net cash from financing activities:				
Payments of lease liabilities	**145,040**	-	**-**	-
Total cash outflows for leases	**613,057**	374,376	**19,602**	10,225

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Central Global Berhad ("the Company") is a public limited company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal place of business of the Company is located at A5-06, Block A Plaza Dwi Tasik, Jalan 5/106 Bandar Sri Permaisuri, 56000 Kuala Lumpur.

The Company's principal activities is investment holding. The principal activities of its subsidiaries are stated in Note 9 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and its subsidiary companies during the financial year.

The financial statements of the Group and of the Company were authorised for issuance by the Board of Directors in accordance with a resolution of the directors on 25 April 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 Malaysia 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

(a) The Group and of 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
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
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	Statements 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

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 (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 applicable to the Group and the Company are summarised below.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

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.

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 (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 applicable to the Group and the Company are summarised below. (Cont'd)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

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

2.6 Use of estimates and judgement

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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires 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, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies set out below have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company, unless otherwise stated.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and associates 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) Subsidiaries and business combination

Subsidiaries are 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 subsidiaries 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 3.8 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.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary 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, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary 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 subsidiaries not attributable, directly or indirectly, to owners of the Company and 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.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any 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 subsidiaries are amounts which the Company does not expect repayment in the foreseeable future and are considered as part of the Company's investment in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 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 contract provisions of the financial instrument.

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 its business model for managing those assets change.

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 three 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 (EIR) method and are subject to impairment. The policy for the recognition and measurement of impairment losses 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

- **Fair value through other comprehensive income ("FVOCI")**

  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not 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 FVOCI, as described above, 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 statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (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, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) 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, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as 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 the effective interest method. Gains and losses are recognised in profit or loss 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, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

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

(i) the contractual rights to receive the 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 under a 'pass-through' arrangement; 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(e) 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.

3.5 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 of 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 3.17 to the financial statements.

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

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

(b) Subsequent cost

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. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight line basis over the estimated useful lives of the assets using the following annual rates:

	%
Buildings	2 – 10
Plant, machinery and loose tools	7.5 – 33.33
Furniture, fittings, equipment and installation	7.5 – 33.33
Motor vehicles	20

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(c) Depreciation (Cont'd)

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

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(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.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

3.6 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.

(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 and lease liabilities as separate lines in the statements of financial position.

<u>Right-of-use asset</u>

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 expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Right-of-use asset (Cont'd)

The annual rate used for this purpose are as follows:

	%
Leasehold land	1.67
Building	33.33 - 50

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;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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 makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

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.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(a) to the financial statements, then it classifies the sub-lease as an operating lease.

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.

3.7 Investment properties

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

Investment properties are initially measured at cost, including transaction costs. The Group uses the cost model to measure its investment properties after initial recognition. Accordingly, investment properties are stated 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. Properties that are occupied by the companies in the Group are accounted for as owner occupied rather than as investment properties.

Buildings are depreciated on a straight-line basis over their estimated useful lives of 50 years.

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 3.17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment properties (Cont'd)

Transfers between investment properties and property, plant and equipment do not change the carrying amount of the property transferred.

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

3.8 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 initially 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.

3.9 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- work-in-progress and manufactured inventories: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company'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 and the Company have 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 on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at FVOCI, lease receivables, contract assets or a loan commitment 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 loss is 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 at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group 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, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 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. SUMMARY OF 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 assesses whether financial assets carried at amortised cost and debt securities at FVOCI 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 includes 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 debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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, deferred tax assets, assets arising from employee benefits 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 and intangible assets that have indefinite useful life and are not yet available for use, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment of assets (Cont'd)

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

Impairment losses are recognised in profit or loss.

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

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.

3.14 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.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plan

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed once in every two years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Employee benefits (Cont'd)

(c) Defined benefit plan (Cont'd)

Remeasurements of the net defined benefit obligation, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3.15 Provisions

Provisions are recognised when the Group has 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.

Warranties

Provision related assurance-type warranty cost for expected warranty claim is recognised when the products is sold or service is provided to the customer. Initial recognition is based on historical experience of the level of repairs and returns within the warranty period.

3.16 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.

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group expects to better predict the amount of consideration to which it is entitled.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

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 standalone 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 good or service 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.

(a) Sale of goods - manufacturing

Revenue from sale of goods is recognised at a point in time when control of goods is transferred to the customer, generally on the delivery of goods.

A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Revenue is recognised based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience with the customer's purchasing pattern is used to estimate and provide for the discounts, using the expected value method. The estimated volume discounts recognised is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(b) Construction contracts

The Group constructs commercial 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 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).

The Group becomes entitled to invoice customers for construction of commercial 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(c) Rental income

Rental income from investment property 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. Rental income from sub-leased property is recognised as "other income".

(d) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(e) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

3.17 Borrowing costs

Borrowing costs are interest 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 and the Company begin capitalising borrowing costs when the Group and the Company have 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.

3.18 Taxes

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.

(i) 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Taxes (Cont'd)

(ii) 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 and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses 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 subsidiaries 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.

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.

(iii) 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 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 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 own 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.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Managing Director of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and 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 of the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses 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 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 recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.22 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 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 and the Company incur 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 and the Company expect 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, MFRS 116 or MFRS 138, 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 and of the Company 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. 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.

(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 and the Company expect 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 and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company 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 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.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement 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:

(a) Impairment of financial assets and contract assets

The impairment of financial assets 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 impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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

The information about the impairment losses on the Group's financial assets and contract assets are disclosed in Note 29(b)(i) to the financial statements.

(b) Inventories

The cost of inventories comprise the cost of raw materials, direct labour, conversion cost such as variable and fixed overheads. The cost allocation to the work-in-progress and manufactured goods involves multiple inputs which comprise the cost of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

Reviews are made periodically on inventories for cost allocation, obsolete and decline in net realisable value. These reviews require the use of judgement and estimate. Possible change in these estimates may results in revision to the valuation of inventories.

The carrying amounts of inventories are disclosed in Note 10 to the financial statements.

(c) Construction revenue

The Group recognised construction revenue and expenses 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 for each project (input method).

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 the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

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 (Cont'd):

(d) Impairment of goodwill

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 rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including inflation rates and gross profit margin. 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.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 8 to the financial statements.

(e) Investment in subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries is impaired at the end of each reporting date. Impairment is measured by comparing carrying amount of an assets with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell for that assets and its value-in-use. The value-in-use involves exercise of judgement on the discount rate applied and the assumptions supporting the underlying cash flow projection which includes future sales, gross profit margin and operating expenses.

The carrying amounts of investment in subsidiaries are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installation RM	Motor vehicles RM	Total RM
Group					
Cost					
At 1 January 2021	10,666,434	33,459,366	4,100,302	1,270,593	49,496,695
Additions	66,626	124,747	208,073	115,000	514,446
Disposals	-	(6,963,821)	(55,152)	(308,000)	(7,326,973)
Written off	-	(16,309)	(15,625)	-	(31,934)
Transfer from investment properties	372,010	-	-	-	372,010
Disposal of a subsidiary	-	-	(121,953)	-	(121,953)
Effect of movement in exchange rates	-	-	1,785	-	1,785
At 31 December 2021	11,105,070	26,603,983	4,117,430	1,077,593	42,904,076
Acquisition of a subsidiary	-	-	208,281	793,231	1,001,512
Transfer from right-of-use assets	-	380,000	-	-	380,000
Additions	8,430	81,043	575,751	1,256,269	1,921,493
Disposals	-	-	(74,703)	(155,127)	(229,830)
Written off	-	-	(20,789)	-	(20,789)
Transfer from investment properties	193,217	-	-	-	193,217
Effect of movement in exchange rates	-	-	10,264	-	10,264
At 31 December 2022	**11,306,717**	**27,065,026**	**4,816,234**	**2,971,966**	**46,159,943**

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

	Buildings RM	Plant, machinery and loose tools RM	Furniture, fittings, equipment and installation RM	Motor vehicles RM	Total RM
Accumulated Depreciation					
At 1 January 2021	3,234,068	29,831,746	3,205,238	1,079,736	37,350,788
Depreciation for the year	220,855	1,007,994	214,761	77,712	1,521,322
Disposals	-	(5,806,477)	(42,889)	(236,133)	(6,085,499)
Written off	-	-	(24,858)	-	(24,858)
Transfer from investment properties	107,212	-	-	-	107,212
Disposal of a subsidiary	-	-	(27,665)	-	(27,665)
Effect of movement in exchange rates	-	-	1,459	-	1,459
At 31 December 2021	3,562,135	25,033,263	3,326,046	921,315	32,842,759
Transfer from right-of-use assets	-	213,750	-	-	213,750
Depreciation for the year	226,445	382,826	256,948	245,025	1,111,244
Disposals	-	-	(18,114)	(101,961)	(120,075)
Written off	-	-	(520)	-	(520)
Transfer from investment properties	59,243	-	-	-	59,243
Effect of movement in exchange rates	-	-	8,692	-	8,692
At 31 December 2022	**3,847,823**	**25,629,839**	**3,573,052**	**1,064,379**	**34,115,093**
Carrying amount					
At 1 January 2022	**7,542,935**	**1,570,720**	**791,384**	**156,278**	**10,061,317**
At 31 December 2022	**7,458,894**	**1,435,187**	**1,243,182**	**1,907,587**	**12,044,850**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

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

	Furniture, fittings, equipment and installation RM	Total RM
Company		
Cost		
At 1 January 2021	-	-
Additions	26,189	26,189
At 31 December 2021	26,189	26,189
Additions	6,278	6,278
At 31 December 2022	**32,467**	**32,467**
Accumulated Depreciation		
At 1 January 2021	-	-
Depreciation for the year	3,295	3,295
At 31 December 2021	3,295	3,295
Depreciation for the year	7,675	7,675
At 31 December 2022	**10,970**	**10,970**
Carrying amount		
At 1 January 2022	**22,894**	**22,894**
At 31 December 2022	**21,497**	**21,497**

(a) The Group's motor vehicles and plant, machinery and tools with carrying amount of RM1,588,706 (2021: RM166,250) have been pledged as security for hire purchase arrangement as disclosed in Note 18(b) to the financial statements.

(b) The motor vehicles of the Group at the net book value of RM 182,974 were held in trust by one of the directors, Mr Lee Chee Vui.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

6. RIGHT-OF-USE ASSETS

	Land RM	Building RM	Machinery RM	Total RM
Group				
Cost				
At 1 January 2021	2,017,009	178,716	380,000	2,575,725
Disposal of a subsidiary	-	(178,716)	-	(178,716)
At 31 December 2021	2,017,009	-	380,000	2,397,009
Acquisition of a subsidiary	-	41,220	-	41,220
Transfer to property, plant and equipment	-	-	(380,000)	(380,000)
Addition	-	658,351	-	658,351
At 31 December 2021	2,017,009	699,571	-	2,716,580
Accumulated Depreciation				
At 1 January 2021	680,375	29,784	118,750	828,909
Depreciation for the year	46,190	22,386	95,000	163,576
Disposal of a subsidiary	-	(52,170)	-	(52,170)
At 31 December 2021	726,565	-	213,750	940,315
Transfer to property, plant and equipment	-	-	(213,750)	(213,750)
Depreciation for the year	46,189	197,375	-	243,564
Effect of movement in exchange rates	-	3,931	-	3,931
At 31 December 2021	772,754	201,306	-	974,060
Carrying amount				
At 1 January 2022	**1,290,444**	**-**	**166,250**	**1,456,694**
At 31 December 2022	**1,244,255**	**498,265**	**-**	**1,742,520**

The Group's leasehold land has lease term of 60 years.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENT PROPERTIES

	Shoplots RM	Total RM
Group		
Cost		
At 1 January 2021	1,345,658	1,345,658
Addition	50,515	50,515
Transfer to property, plant and equipment	(372,010)	(372,010)
At 31 December 2021	1,024,163	1,024,163
Transfer to property, plant and equipment	(193,217)	(193,217)
At 31 December 2022	**830,946**	**830,946**
Accumulated Depreciation		
At 1 January 2021	383,293	383,293
Depreciation for the year	20,135	20,135
Transfer to property, plant and equipment	(107,212)	(107,212)
At 31 December 2021	296,216	296,216
Depreciation for the year	16,901	16,901
Transfer to property, plant and equipment	(59,243)	(59,243)
At 31 December 2022	**253,874**	**253,874**
Carrying amount		
At 1 January 2022	**727,947**	**727,947**
At 31 December 2022	**577,072**	**577,072**

(a) Investment properties comprise of shoplots that are leased to third parties. Each of the leases contains an initial non-cancellable period of 2 years. Subsequent renewals are negotiated with the lessee and on average renewal periods are 2 years.

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

	Group	
	2022 RM	**2021 RM**
Rental income	**34,300**	82,862
Direct operating expenses:		
- income generating investment	**24,983**	29,210
- non-income generating investment	**7,728**	6,115

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

7. INVESTMENT PROPERTIES (CONT'D)

(c) The operating lease payments to be received are as follows:

	Group 2022 RM	Group 2021 RM
Less than one year	-	62,300
One to two years	-	20,000
Total undiscounted lease payment	-	82,300

(d) Fair value information

The estimated fair values of the investment properties are determined based on the directors' estimation of the fair values of the investment properties. Such fair values are arrived at based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significantly affect the estimates of the fair values.

The fair values of all investment properties of the Group as at 31 December 2022 are classified as level 3 of the fair value hierarchy and determined to be approximately RM1,854,000 (2021: RM1,655,000).

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

Description	Valuation technique	Significant nobservable inputs	Relationship of unobservable inputs to fair value
Shoplots	Sales comparison approach	Price per square feet RM 391 (2021: RM 350)	The higher the price per square feet, the higher the fair value.

8. GOODWILL ON CONSOLIDATION

Goodwill acquired in a business combination was allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from the business combination. The carrying amount of goodwill had been allocated to RYRT International Sdn. Bhd. ("CGU 1") that was acquired in the current financial year.

The carrying amount of goodwill to the CGU of the Group is as follow:

	Group 2022 RM	Group 2021 RM
Goodwill		
Cost		
At 1 January	**22,285**	22,285
Acquisition of a subsidiary	**21,571,645**	-
At 31 December	**21,593,930**	22,285
Accumulated impairment loss		
At 1 January	**22,285**	22,285
Impairment loss recognised for the financial year	**426,772**	-
At 31 December	**449,057**	22,285
Carrying amount		
At 31 December	**21,144,873**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

8. GOODWILL ON CONSOLIDATION (CONT'D)

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

	Group	
	2022 RM	2021 RM
CGU 1	**21,144,873**	-

During the financial year, an impairment loss of RM426,772 was recognised in profit or loss of the Group as other expenses as the carrying amount was higher than the recoverable amount.

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a three-year period.

The pre-tax discount rate applied to the cash flow projections is as follows:

	Group	
	2022	2021
CGU		
Discount rate	**15.12%**	-

Key assumptions used in the value-in-use calculations

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

(i) The basis used to determine the future potential earning are the remaining book order.
(ii) Gross margin is the forecasted margin as a percentage of revenue over the three-year projection period. These are based on the average gross margin of the existing projects.
(iii) Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
At cost		
Unquoted shares	**52,156,980**	52,157,181
Loan that are part of net investments	**35,642,042**	8,725,696
	87,799,022	60,882,877

Loans that are part of net investments represent amount owing by subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest 2022 %	2021 %	Principal activities
Direct subsidiaries of the Company:				
Central Industrial Corporation Berhad ("CICB")	Malaysia	**100**	100	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes.
CIC Construction Sdn. Bhd. ("CICC")	Malaysia	**100**	100	Investment holding, contractor of building and infrastructure and trading of building materials.
Central Global Big Data Centre Sdn. Bhd. ("CGBDC")	Malaysia	**100**	100	Provision of information technology, data processing and related services.
Central Global Construction Sdn. Bhd. ("CGC")	Malaysia	**100**	100	Construction of buildings.
Central Global Fintech Sdn. Bhd. ("CGF")*	Malaysia	**100**	100	Dormant
Central Global Healthcare Sdn. Bhd. ("CGH")*	Malaysia	**100**	100	Dormant
Central Global Information Technology Sdn. Bhd. ("CGIT")*	Malaysia	**100**	100	Dormant
Central Global Technology Sdn. Bhd. ("CGT")*	Malaysia	**100**	100	Dormant
Central Global Energy Sdn. Bhd. ("CGE")	Malaysia	**100**	-	Investment holding
Direct subsidiaries of the CICB:				
CIC Marketing Sdn. Bhd. ("CICM")	Malaysia	**100**	100	Marketing of self-adhesive label stocks and tapes.
CICS Distributors Pte. Ltd. ("CICS") ^	Singapore	**100**	100	Trading of adhesive tapes.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Principal place of business/ Country of incorporation	Effective ownership interest 2022 %	2021 %	Principal activities
Direct subsidiary of the CICC:				
Proventus Bina Sdn. Bhd. ("PBSB")	Malaysia	**100**	100	Contractor of building and general contract works and trading of building materials.
RYRT International Sdn. Bhd. ("RYRT")	Malaysia	**70**	-	Construction of building and other engineering projects.
Direct subsidiaries of the CGC:				
Central Global Development Sdn. Bhd. ("CGD")	Malaysia	**100**	-	Investment holding and buying, selling, renting and operating of self-owned or leased real estate of residential buildings and land.

^ Audited by auditors other than Baker Tilly Monteiro Heng PLT.

* The audited financial statements of these subsidiaries are not available. As such, management accounts had been used for the purpose of consolidation. These subsidiaries are in process of striking off from the register of companies by the Companies Commission of Malaysia.

(a) Changes in the composition of the Group

<u>For the financial year ended 31 December 2022</u>

(i) Acquisition of RYRT International Sdn. Bhd.

On 20 April 2022, a wholly owned subsidiary, CIC Construction Sdn. Bhd. acquired 70% controlling interest in the equity shares of RYRT International Sdn. Bhd. ("RYRT").

The fair value of the 28,942,308 ordinary shares issued as the consideration paid for RYRT International Sdn. Bhd. was determined on the basis of the closing market price of the Company's ordinary shares of RM0.93 per share on the acquisition date.

The acquisition is deemed completed following the listing of 14,471,154 consideration shares on the Main Market of Bursa Securities on 20 April 2022. On 27 June and 7 December 2022, the Company has issued the remaining of 8,448,380 and 6,022,774 consideration shares respectively, as part of the balance consideration share for the acquisition.

The Group completed its purchase price allocation process to value the assets acquired and liabilities assumed. The following summarises the consideration transferred, and the recognised amount of assets acquired, and liabilities assumed at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Changes in the composition of the Group (Cont'd)

<u>**For the financial year ended 31 December 2022 (Cont'd)**</u>

(i) Acquisition of RYRT International Sdn. Bhd. (Cont'd)

(a) Fair value of the identifiable assets acquired and liabilities recognised:

	RM
Assets	
Property, plant and equipment	1,001,512
Right-of-use asset	41,220
Trade and other receivables	49,463,985
Short-term investment	336,300
Cash and cash equivalents	2,162,994
Total assets	53,006,011
Liabilities	
Loans and borrowings	(598,214)
Deferred tax liabilities	(2,439,777)
Trade and other payables	(17,287,203)
Contract liabilities	(20,325,159)
Current tax liabilities	(4,720,370)
Total liabilities	(45,370,723)
Total identifiable net assets acquired	7,635,288
Goodwill arising on acquisition (Note 8)	21,571,645
Non-controlling interest in fair value	(2,290,587)
Fair value of consideration transferred	26,916,346

(b) Effects of acquisition on cash flows:

	RM
Fair value of consideration paid via shares issuance	26,916,346
Less: Non-cash consideration	(26,916,346)
Consideration paid in cash	-
Less: Cash and cash equivalents of a subsidiary acquired	(2,162,994)
Net cash inflows on acquisition	(2,162,994)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Changes in the composition of the Group (Cont'd)

For the financial year ended 31 December 2022 (Cont'd)

(i) Acquisition of RYRT International Sdn. Bhd. (Cont'd)

(c) Effects of acquisition on statements of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and profit net of tax are as follows:

	RM
Revenue	109,403,044
Profit for the financial year	18,881,002

If the acquisition had occurred on 1 January 2022, the consolidated results for the financial year ended 31 December 2022 would have been as follows:

	RM
Revenue	148,712,081
Profit for the financial year	17,787,850

(ii) Incorporation of new subsidiaries

During the financial year, the Group had on 1 March 2022 and 17 March 2022 incorporated 2 new subsidiaries, namely Central Global Energy Sdn. Bhd. and Central Global Development Sdn. Bhd. with initial share capital of RM100 each.

For the financial year ended 31 December 2021

(i) Subscription of additional interest in a subsidiary

On 4 February 2021, a wholly owned subsidiary, CIC Construction Sdn. Bhd. acquired 1,310,000 ordinary shares of Proventus Bina Sdn. Bhd. ("PBSB"), which represent the remaining 49% equity interest in PBSB from non-controlling interests, for a total consideration of RM4,441,948. The effect arising from the acquisition that is attributable to owners of the Company are as follows:

	RM
Consideration transferred to non-controlling interest	4,441,948
Carrying value of additional interest in PBSB	(1,926,029)
Excess recognised in retained earnings	2,515,919

(ii) Incorporation of new subsidiaries

During prior financial year, the following subsidiaries were incorporated, namely Central Global Construction Sdn. Bhd., Central Global Big Data Centre Sdn. Bhd., Central Global Technology Sdn. Bhd., Central Global Fintech Sdn. Bhd., Central Global Information Technology Sdn. Bhd. and Central Global Healthcare Sdn. Bhd. with total initial share capital of RM750,402.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Changes in the composition of the Group (Cont'd)

For the financial year ended 31 December 2021 (Cont'd)

(iii) Disposal of a subsidiary

On 27 April 2021, the Company disposed its 100% equity investment in Central Global Impact Pte. Ltd. for a total consideration of SGD20,000 (equivalent to RM61,570).

(a) Summary of the effects of disposal of Central Global Impact Pte. Ltd.:

	RM
Recognised:	
Cash consideration received	61,570
	61,570
Derecognised:	
Fair value of identifiable net assets at disposal date	
Plant and equipment	(95,472)
Right-of-use assets	(128,140)
Trade and other receivables	(56,475)
Cash and cash equivalents	(395,467)
Lease liability	124,083
Other payables and accruals	984,554
Translation reserve	(10,747)
	422,336
Gain on disposal of Central Global Impact Pte. Ltd.	483,906

(b) Effects of disposal on cash flows:

	RM
Fair value of consideration received	61,570
Less: Cash and cash equivalent of subsidiary disposed	(395,467)
Net cash outflows on disposal	(333,897)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Non-controlling interests in subsidiary

The financial information of the Group's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

Name of company	Principal place of business/Country of incorporation	Ownership interest 2022 %	2021 %
RYRT International Sdn. Bhd. ("RYRT")	Malaysia	**30**	-

Carrying amount of material non-controlling interest:

Name of company	2022 RM	2021 RM
RYRT International Sdn. Bhd. ("RYRT")	**7,954,888**	-

Profit allocated to material non-controlling interest:

Name of company	2022 RM	2021 RM
RYRT International Sdn. Bhd. ("RYRT")	**5,664,301**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

9. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information of material non-controlling interest

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that have material non-controlling interests are as follows:

	RM
Summarised statements of financial position	
At 31 December 2022	
Non-current assets	**2,011,229**
Current assets	**71,994,647**
Non-current liabilities	**(994,509)**
Current liabilities	**(54,165,939)**
	18,845,428
Summarised statements of comprehensive income	
Financial year ended 31 December 2022	
Revenue	**109,403,044**
Profit for the financial year and total comprehensive income	**18,881,002**
Summarised cash flow information	
Financial year ended 31 December 2022	
Cash flows used in operating activities	**1,328,898**
Cash flows used in investing activities	**(1,310,600)**
Cash flows generated from financing activities	**924,647**
Net increase in cash and cash equivalents	**942,945**
Dividend paid to non-controlling interest	**-**

10. INVENTORIES

	Group	
	2022 RM	2021 RM
Raw material	**13,037,445**	9,041,491
Work-in-progress	**3,161,446**	2,112,687
Manufactured inventories	**4,264,865**	3,304,226
Trading inventories	**2,326,899**	2,762,238
Consumables	**-**	274,183
	22,790,655	17,494,825
Recognised in profit or loss:		
Inventories recognised as cost of sales	**55,556,332**	57,261,680
Inventories written off	**-**	98,289

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

11. CONTRACT ASSETS/(LIABILITIES)

	Group 2022 RM	Group 2021 RM
Contract assets relating to construction contracts	**17,952,411**	9,396,961
Total contract assets	**17,952,411**	9,396,961
Contract liabilities relating to construction contracts	**(16,206,883)**	-
Total contract liabilities	**(16,206,883)**	**-**
Net amount	**1,745,528**	9,396,961

(a) Significant changes in contract balances

	2022 Contract assets Increase/ (Decrease) RM	2022 Contract liabilities (Increase)/ Decrease RM	2021 Contract assets Increase/ (Decrease) RM	2021 Contract liabilities (Increase)/ Decrease RM
Group				
Increases due to consideration received from customers, but revenue not recognised	**-**	**(16,206,883)**	-	-
Increases as a result of changes in the measure of progress	**17,952,411**	**-**	9,396,961	-
Transfer from contract assets recognised at the beginning of the period to receivables	**(9,396,961)**	**-**	(9,334,370)	-

(b) The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 60 days and payment is expected within 60 days.

(c) The contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade					
Third parties	(a)	**68,541,506**	42,830,712	**-**	-
Retention sum	(b)	**17,931,810**	5,980,879	**-**	-
		86,473,316	48,811,591	**-**	-
Less: Impairment loss	(a)	**(1,876,351)**	(84,605)	**-**	-
		84,596,965	48,726,986	**-**	-
Non-trade					
Amount due from subsidiaries	(c)	**-**	-	**16,797,411**	8,250,782
Other receivables		**19,379,141**	3,203,345	**-**	-
Deposits		**566,509**	528,963	**2,758**	2,500
Prepayments		**188,552**	177,283	**-**	-
		20,134,202	3,909,591	**16,800,169**	8,253,282
Less: Impairment loss	(a)	**(94,051)**	-	**-**	-
		20,040,151	3,909,591	**16,800,169**	8,253,282
		104,637,116	52,636,577	**16,800,169**	8,253,282

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Company ranging from 0 to 90 days (2021: 7 to 120 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The information about the credit exposures are disclosed in Note 29(b)(i) to the financial statements.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group 2022 RM	Group 2021 RM
Trade receivables		
At 1 January	**84,605**	133,661
Charge for the financial year		
- Individually assessed	**1,876,351**	3,058
Reversal of impairment losses	**(7,650)**	(51,048)
Written off of impairment losses	**(76,955)**	(1,066)
At 31 December	**1,876,351**	84,605

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Trade receivables (Cont'd)

Receivables that are impaired (Con'd)

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows (Con'd):

	Group	
	2022 RM	**2021 RM**
Other receivables		
At 1 January	**-**	-
Charge for the financial year		
- Individually assessed	**94,051**	-
At 31 December	**94,051**	-

(b) Retention sum relates to construction work-in-progress. Retention sum is unsecured, interest-free and is expected to be collected as follows:

	Group	
	2022 RM	**2021 RM**
Within 1 year	**10,285,094**	926,585
More than 1 year	**7,646,716**	5,054,294
	17,931,810	5,980,879

(c) Amount due from subsidiaries is unsecured, non-interest bearing, repayable on demand.

13. SHORT TERM INVESTMENT

	Group	
	2022 RM	**2021 RM**
Financial assets designated at fair value through profit or loss ("DFVPL")		
At fair value:		
- Quoted equity securities	**27,150**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

14. FIXED DEPOSITS WITH LICENSED BANK

	Group 2022 RM	Group 2021 RM
Fixed deposits placed with licensed bank	**1,728,975**	1,795,782

Fixed deposits have been pledged to banks from banking facilities granted to the Group as disclosed in Note 18 to the financial statements and hence, are not available for general use.

The interest rates for the fixed deposits placed with licensed bank range from 2.10% to 2.85% (2021: 1.75% to 1.85%) per annum.

15. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Short term deposits placed with licensed bank	**-**	2,300,000	**-**	-
Cash and bank balances	**6,149,921**	8,153,667	**48,445**	2,304,841
	6,149,921	10,453,667	**48,445**	2,304,841

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2022 Units	**2021 Units**	**2022 RM**	**2021 RM**
Issued and fully paid up (no par value):				
At 1 January	**101,864,002**	90,000,002	**64,432,047**	51,406,681
Issuance of ordinary shares pursuant to private placement	**-**	11,864,000	**-**	13,025,366
Warrants exercised	**10,953,904**	-	**8,763,124**	-
Acquisition of a subsidiary	**28,942,308**	-	**26,916,346**	-
At 31 December	**141,760,214**	101,864,002	**100,111,517**	64,432,047

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

During the financial year,

(i) the Company issued 28,942,308 new ordinary shares at a price of RM1.04 per ordinary share as the purchase consideration for the acquisition of the 70% equity interest in RYRT International Sdn Bhd pursuant to a share sale agreement dated 26 January 2022. The fair value of the new ordinary shares, amounting to RM0.93 per ordinary share; and

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

16. SHARE CAPITAL (CONT'D)

During the financial year, (Cont'd)

(ii) the Company issued 10,953,904 ordinary shares from the exercise of 10,953,904 units of Warrants at an exercise price of RM0.80.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

Warrants

Warrants (2022/2025)

The warrants issued on 29 July 2022 are constituted under a Deed Poll dated 5 July 2022 executed by the Company. The warrants are listed on the Bursa Malaysia Securities Berhad.

The movement of warrants during the financial year ended 31 December 2022 are stated as below:

	Number of Warrants			
	At 1.1.2022	**Issued**	**Exercised**	**At 31.12.2022**
Warrants (2022/2025)	**-**	**62,391,724**	**(10,953,904)**	**51,437,820**

The salient features of the Warrants [2022/2025] are as follows:

(i) Each warrant will entitle the registered holder/(s) at any time prior to 26 July 2025 to subscribe for one (1) new ordinary share at RM0.80 each. The Warrants entitlement is subject to adjustments under the terms and conditions as set out in the Deed Poll dated 5 July 2022;

(ii) The exercise period is three (3) years from the date of issuance until the maturity date. Upon the expiry of the exercise period, any unexercised rights will lapse and cease to be valid for any purposes; and

(iii) The holders of the Warrants are not entitled to vote in any general meetings or to participate in any dividends, distribution and/or offer of securities in the Company until and unless such holders of the Warrants exercise their Warrants into new shares.

17. TRANSLATION RESERVE

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. LOANS AND BORROWINGS

	Note	Group 2022 RM	Group 2021 RM
Non-current:			
Lease liabilities	(a)	**189,526**	-
Hire purchase payable	(b)	**1,070,161**	82,338
		1,259,687	82,338
Current:			
Revolving credit	(c)	**3,000,000**	3,000,000
Bankers' acceptance	(d)	**6,284,888**	4,780,843
Lease liabilities	(a)	**321,633**	-
Hire purchase payable	(b)	**348,207**	103,601
Bank overdrafts	(e)	**36,101**	3,926,540
		9,990,829	11,810,984
Total loans and borrowings:			
Revolving credit	(c)	**3,000,000**	3,000,000
Bankers' acceptance	(d)	**6,284,888**	4,780,843
Lease liabilities	(a)	**511,159**	-
Hire purchase payable	(b)	**1,418,368**	185,939
Bank overdrafts	(e)	**36,101**	3,926,540
		11,250,516	11,893,322

(a) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group 2022 RM	Group 2021 RM
Minimum lease payments:		
Not later than one year	**341,815**	-
Later than one year and not later than five years	**194,531**	-
	536,346	-
Less: Future finance charges	**(25,187)**	-
Present value of minimum lease payments	**511,159**	-
Present value of minimum lease payments:		
Not later than one year	**321,633**	-
Later than one year and not later than five years	**189,526**	-
	511,159	-
Less: Amount due within 12 months	**(321,633)**	-
Amount due after 12 months	**189,526**	-

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

18. LOANS AND BORROWINGS (CONT'D)

(b) Hire purchase payables

Hire purchase payables of the Group of RM1,418,368 (2021: RM185,939) bears interest ranging from 2.13% to 6.20% (2021: 3.70%) per annum and are secured by the Group's motor vehicles and machinery under hire purchase arrangements as disclosed in Note 5(a).

(c) Revolving credit

The revolving credit of the Group bears interest at the rate of 4.15% to 5.01% (2021: 3.35%) per annum and is secured by way of:

(i) pledged of fixed deposits with a licensed bank as disclosed in Note 14 to the financial statements; and
(ii) corporate guarantee of the Company.

(d) Bankers' acceptance

The bankers' acceptance of the Group bears interest at the rate of 3.01% to 4.48% (2021: 1.30% to 2.96%) per annum and is secured by way of corporate guarantee.

(e) Bank overdrafts

The bank overdraft of the Group bears interest at the rate of 6.32% to 7.32% (2021: 6.9%) per annum and is secured by way of:

(i) facilities agreement as principal instrument;
(ii) deed of assignment of contract proceed; and
(iii) corporate guarantee provide by the Company;

19. EMPLOYEE BENEFITS

	Group	
	2022	**2021**
	RM	**RM**
Net defined benefit liability	**1,322,217**	1,619,193

The Group provides retirement benefits for all permanent Union employees who joined the Company prior to 1 January 2008. Under the Scheme, a retired/resigned employee is entitled to receive an annual payment equal to 0.75 month of the last drawn salary for each year of service the employee provided.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. EMPLOYEE BENEFITS (CONT'D)

Movement in the net defined benefit liability

The following table illustrates a reconciliation of the net defined benefit liability and its components:

	Group	
	2022 RM	2021 RM
At 1 January	**1,619,193**	1,842,135
Included in profit or loss		
Current service cost	**61,780**	63,784
Interest cost	**72,210**	85,514
	133,990	149,298
Included in other comprehensive income		
Remeasurement gain of the net defined liability:		
- Actuarial gain arising from financial assumptions	**(68,875)**	(325,945)
Other		
Benefits paid	**(362,091)**	(46,295)
At 31 December	**1,322,217**	1,619,193

Significant actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2022 RM %	2021 RM %
Discount rate	**5.2**	4.5
Future salary growth	**4.0**	4.0

At 31 December 2022, the weighted-average duration of the defined benefit obligation was 7 years (2021: 7 years).

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

19. EMPLOYEE BENEFITS (CONT'D)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Reasonably possible change in assumption %	Effect on defined benefit obligation Increase/(Decrease) RM	RM
Group			
2022			
Discount rate	**1.0**	**(71,304)**	**79,247**
Future salary growth	**1.0**	**72,970**	**(66,956)**
2021			
Discount rate	1.0	(101,703)	113,457
Future salary growth	1.0	119,776	(109,194)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

20. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

	At 1 January 2022 RM	Recognised in profit or loss (Note 27) RM	Acquisition of a subsidiary (Note 9) RM	At 31 December 2022 RM
Group				
Provisions	**658,650**	**(133,791)**	**-**	**524,859**
Property, plant and equipment	**(998,417)**	**(12,651)**	**-**	**(1,011,068)**
Other deductible differences	**-**	**1,887,811**	**(2,439,777)**	**(551,966)**
	(339,767)	**1,741,369**	**(2,439,777)**	**(1,038,175)**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

20. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2021 RM	Recognised in profit or loss (Note 27) RM	At 31 December 2021 RM
Group			
Unabsorbed capital allowances	317,000	(317,000)	-
Unutilised tax losses	14,000	(14,000)	-
Provisions	700,000	(41,350)	658,650
Property, plant and equipment	(1,227,000)	228,583	(998,417)
	(196,000)	(143,767)	(339,767)

	Group	
	2022 RM	**2021 RM**
Presented after appropriate offsetting as follows:		
Deferred tax assets	**524,859**	658,650
Deferred tax liabilities	**(1,563,034)**	(998,417)
	(1,038,175)	(339,767)

<u>Unrecognised deferred tax assets</u>

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

	Group	
	2022 RM	**2021 RM**
Unabsorbed capital allowances	**-**	921,914
Unutilised reinvestment allowances	**10,022,950**	10,022,950
Unutilised tax losses	**2,067,078**	5,039,407
Property, plant and equipment	**(44,920)**	(98,190)
Provision	**404,800**	138,000
	12,449,908	16,024,081

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

The foreign unutilised tax losses applicable to foreign incorporated subsidiary company are pre-determined by and subject to the tax legislation of the respective country.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

20. DEFERRED TAX LIABILITIES (CONT'D)

Pursuant to the relevant tax regulations, the unutilised tax losses at the end of the reporting period as follows:

	Group	
	2022 RM	2021 RM
2030	**1,421,210**	4,415,571
2031	**316,689**	316,689
2032	**201,330**	-
With no expiry	**127,849**	307,147
	2,067,078	5,039,407

The unutilised reinvestment allowances will expire as follows:

	Group	
	2022 RM	2021 RM
Unutilised reinvestment allowances 2025	**10,022,950**	10,022,950

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2022 RM	2021 RM (Restated)	2022 RM	2021 RM
Trade					
Third parties		**26,514,561**	29,952,658	**-**	-
Accrued cost		**2,733,542**	4,316,296	**-**	-
Retention sum	(a)	**6,438,371**	4,160,378	**-**	-
		35,686,474	38,429,332	**-**	-
Non-trade					
Amount due to subsidiaries	(b)	**-**	-	**10,620,657**	11,318,711
Amount due to directors	(c)	**724,668**	-		
Other payables		**9,305,952**	2,573,763	**557,194**	200
Accrued expense		**4,511,371**	847,099	**37,545**	97,688
		14,541,991	3,420,862	**11,215,396**	11,416,599
		50,228,465	41,850,194	**11,215,396**	11,416,599

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

21. TRADE AND OTHER PAYABLES (CONT'D)

(a) Retention sum relates to construction work-in-progress. Retention sum is unsecured, interest-free and is expected to be paid after 2 years. The retention sum which is payable upon the expiry of defect liability period is expected to be settled as follows:

	Group	
	2022 **RM**	**2021** **RM**
Within 1 year	**5,269,752**	842,720
More than 1 year	**1,168,619**	3,317,658
	6,438,371	4,160,378

(b) Amount due to subsidiaries is unsecured, non-interest bearing, repayable upon demand.

(c) Amount due to directors are unsecured, non-interest bearing, repayable upon demand. The amount owing are to be settled in cash.

22. REVENUE

	Group	
	2022 **RM**	**2021** **RM**
Revenue from contract customers:		
- Sale of goods	**57,610,266**	60,136,978
- Construction contracts	**153,559,331**	46,915,109
	211,169,597	107,052,087

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. REVENUE (CONT'D)

(a) Disaggregation of revenue

For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major products or services, timing and revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

	Group	
	2022 RM	2021 RM
Primary geographical markets		
- Malaysia	**189,330,464**	82,026,700
- Asia (excluding Malaysia)	**16,403,290**	20,785,488
- Australia	**2,234,826**	2,635,431
- United States of America	**1,885,075**	296,675
- Europe	**550,456**	833,239
- Other countries	**765,486**	474,554
	211,169,597	107,052,087
Major products and services lines		
- Self-adhesive tapes	**37,520,806**	37,191,773
- Self-adhesive label stocks	**5,725,836**	6,318,866
- Trading goods	**14,363,624**	16,626,339
- Construction contracts	**153,559,331**	46,915,109
	211,169,597	107,052,087
Timing and revenue		
- At a point in time	**57,610,266**	60,136,977
- Over time	**153,559,331**	46,915,110
	211,169,597	107,052,087

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. REVENUE (CONT'D)

(b) Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Label stocks and tapes	Revenue is recognised when the control of the goods are transferred and accepted by the customers.	Credit period of 14 – 90 days from invoice date.	Discounts are given to customers where the customers pay within 30 days from invoice date.	The Group allows returns only for exchange with new goods (i.e. no cash refunds are offered).	Not applicable.
Construction contracts	Revenue is recognised over time using the cost incurred method. The construction is on land owned by the customer.	Based on agreed milestones, certified by architects.	Certain projects are embedded with sharing of base cost saving.	Not applicable.	Defect liability period of 2 years is given to the customer.

(c) Transaction price allocated to the remaining performance obligations

The revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is RM301,998,211 (2021: RM85,644,684). The Group expected to recognise the revenue progressively over 1 to 2 years (2021: 1 to 2 years) based on the progress of satisfaction of the performance obligation.

The Group applies the practical expedient in paragraph 121(a) of MFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

	2023 RM	2024 RM	Total RM
2022			
Construction contracts	**213,465,556**	**88,532,655**	**301,998,211**

	2022 RM	2023 RM	Total RM
2021			
Construction contracts	38,540,108	47,104,576	85,644,684

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

22. REVENUE (CONT'D)

(c) Transaction price allocated to the remaining performance obligations (cont'd)

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

23. FINANCE INCOME

	Group	
	2022 RM	**2021 RM**
Interest income from:		
- Fixed deposits	**31,322**	24,632
- REPO	**3,395**	1,875
	34,717	26,507

24. FINANCE COST

	Group	
	2022 RM	**2021 RM**
Interest expense from:		
- Revolving credit	**27,820**	48,223
- Bankers' acceptance	**256,213**	31,128
- Bank overdrafts	**131,370**	183,122
- Bank guarantee	**-**	3,298
- Lease liabilities	**49,920**	18,116
	465,323	283,887

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

25. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Auditors' remuneration	**307,422**	182,452	**35,000**	26,000
Non-statutory audit fees	**12,000**	12,000	**12,000**	12,000
Depreciation of:				
- property, plant and equipment	**1,111,244**	1,521,322	**7,675**	3,295
- right-of-use assets	**243,564**	163,576	**-**	-
- investment properties	**16,901**	20,135	**-**	-
Loss on disposal of property, plant and equipment	**66,255**	246,761	**-**	-
Property, plant and equipment written off	**20,269**	7,076	**-**	-
Expenses relating to:				
- short term lease	**394,902**	321,391	**15,840**	9,240
- low value assets	**23,195**	34,869	**3,762**	985
Impairment loss on goodwill	**426,772**	-	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**301**	-
Employee benefits	**133,990**	149,298	**-**	-
Impairment loss on trade receivables	**1,876,351**	3,058	**-**	-
Reversal of impairment loss on trade receivables	**(7,650)**	(51,048)	**-**	-
Impairment loss on other receivables	**94,051**	-	**-**	-
Other receivables written off	**-**	520,000	**-**	16,610
Inventories written off	**-**	98,289	**-**	-
Net foreign exchange loss:				
- realised	**(70,773)**	(143,808)	**-**	-
- unrealised	**(25,265)**	(33,381)	**-**	(24,690)
Gain on disposal of a subsidiary	-	(483,906)	**-**	(570)
Employee benefits expense (excluding directors' emoluments)				
- Wages, salaries and others	**8,786,339**	8,807,275	**100,290**	31,468
- Employees' Provident Fund contribution	**1,079,408**	1,038,884	**12,560**	3,824
- SOCSO	**261,527**	125,670	**-**	308

26. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Short term employee benefit	**2,621,313**	1,858,551	**833,067**	843,040
Defined contribution plan	**296,403**	220,661	**68,724**	80,818
	2,917,716	2,079,212	**901,791**	923,858

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

26. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

Include in the total compensation of key management personnel are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors				
- Fees	**213,390**	179,741	**213,390**	179,741
- Remuneration	**2,035,923**	1,351,306	**519,677**	663,299
- Defined contribution plans	**265,683**	176,876	**56,724**	80,818
	2,514,996	1,707,923	**789,791**	923,858

The Group's estimated monetary value of benefit-in-kind by the key management personnel other than in cash amounted to RM37,200 (2021: RM17,400).

27. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2022 and 31 December 2021 are as follows:

	Group	
	2022 RM	2021 RM
Current tax expense		
- Current year	**5,603,834**	230,364
- Prior year	**17,410**	(201)
	5,621,244	230,163
Deferred tax expense (Note 20)		
- (Reversal)/Origination of temporary differences	**(1,655,544)**	335,086
- Prior year	**(85,825)**	(191,319)
	(1,741,369)	143,767
Total tax expense	**3,879,875**	373,930

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

27. INCOME TAX EXPENSE (CONT'D)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2022 RM	**2021 RM (Restated)**	**2022 RM**	**2021 RM**
Profit/(Loss) before tax	**17,010,865**	(6,719,472)	**(2,273,028)**	(2,345,909)
Tax at Malaysian statutory income tax of 24% (2021: 24%)	**4,082,608**	(1,612,673)	**(545,527)**	(563,018)
Effect of lower tax rate in foreign jurisdiction *	**(11,380)**	4,593	**-**	-
Non-deductible expenses	**737,984**	1,077,107	**545,527**	569,081
Income not subject to tax	**(3,120)**	(44,507)	**-**	(6,063)
(Utilisation)/Origination of deferred tax assets not recognised	**(857,802)**	1,140,930	**-**	-
Adjustment in respect of income tax of prior years	**17,410**	(201)	**-**	-
Adjustment in respect of deferred tax of prior years	**(85,825)**	(191,319)	**-**	-
Income tax expense	**3,879,875**	373,930	**-**	-

* Subsidiaries operate in a tax jurisdiction with a lower tax rate.

28. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	2022 RM	**2021 RM (Restated)**
Profit/(Loss) attributable to owners of the Company	**7,466,689**	(7,093,402)
Weighted average number of ordinary shares for basic earnings/(loss) per share	**119,033,564**	92,784,703
Basic earnings/(loss) per ordinary share (sen)	**6.27**	(7.65)

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

28. EARNINGS/(LOSS) PER ORDINARY SHARE (CONT'D)

Diluted earnings per ordinary share

Diluted loss per ordinary share are based on the loss for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of the Warrants into ordinary shares, calculated as follows:

	Group	
	2022 RM	2021 RM (Restated)
Profit/(Loss) attributable to owners of the Company	**7,466,689**	(7,093,402)
Weighted average number of ordinary shares for basic loss per share	**119,033,564**	92,784,703
Effect of dilution from Warrants	**178,546**	-
	119,212,110	92,784,703
Diluted earning/(loss) per ordinary share (sen)	**6.26**	(7.65)

29. 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

Group	Carrying amount RM	Amortised cost RM
2022		
Financial assets		
Trade and other receivables ^	**104,448,564**	**104,448,564**
Short term investment	**27,150**	**27,150**
Fixed deposits with licensed bank	**1,728,975**	**1,728,975**
Cash and bank balances	**6,149,921**	**6,149,921**
	112,354,610	**112,354,610**
Financial liabilities		
Loans and borrowings	**11,250,516**	**11,250,516**
Trade and other payables	**50,228,465**	**50,228,465**
	61,478,981	**61,478,981**

^ *Exclude prepayments.*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

(i) Amortised cost (Cont'd)

Group	Carrying amount RM	Amortised cost RM
2021		
Financial assets		
Trade and other receivables ^	52,459,294	52,459,294
Fixed deposits with licensed bank	1,795,782	1,795,782
Cash and bank balances	10,453,667	10,453,667
	64,708,743	64,708,743
Financial liabilities		
Loans and borrowings	11,893,322	11,893,322
Trade and other payables	41,850,194	41,850,194
	53,743,516	53,743,516
Company		
2022		
Financial assets		
Trade and other receivables ^	**16,800,169**	**16,800,169**
Cash and bank balances	**48,445**	**48,445**
	16,848,614	**16,848,614**
Financial liability		
Trade and other payables	**11,215,396**	**11,215,396**
2021		
Financial assets		
Trade and other receivables ^	8,253,282	8,253,282
Cash and bank balances	2,304,841	2,304,841
	10,558,123	10,558,123
Financial liability		
Trade and other payables	11,416,599	11,416,599

^ *Exclude prepayments.*

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company use derivative financial instruments, such as, foreign exchange contracts to hedge certain exposures. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(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 and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. 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 means of mitigating the risk of financial loss from defaults.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by geographical region. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	Group	
	2022 RM	**2021 RM**
Malaysia	**99,451,222**	55,415,034
Asia (excluding Malaysia)	**2,047,214**	1,815,870
Australia	**-**	694,967
United States of America	**1,007,119**	198,076
Europe	**43,821**	-
	102,549,376	58,123,947

The Group applies the simplified approach to provide for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all 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 impairment losses also incorporate forward looking information.

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows:

	Gross carrying amount RM	Impairment loss RM	Net balance RM
Group			
At 31 December 2022			
Contract assets	**17,952,411**	**-**	**17,952,411**
Trade receivables			
Current (not past due)	**32,137,080**	**-**	**32,137,080**
1 - 30 days past due	**8,714,618**	**-**	**8,714,618**
31 - 60 days past due	**6,712,741**	**-**	**6,712,741**
61 - 90 days past due	**655,331**	**-**	**655,331**
More than 90 days past due	**38,253,546**	**(1,876,351)**	**36,377,195**
	86,473,316	**(1,876,351)**	**84,596,965**

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets are as follows (Cont'd):

	Gross carrying amount RM	Impairment loss RM	Net balance RM
Group			
At 31 December 2021			
Contract assets	9,396,961	-	9,396,961
Trade receivables			
Current (not past due)	20,926,382	-	20,926,382
1 - 30 days past due	8,228,920	-	8,228,920
31 - 60 days past due	10,229,524	-	10,229,524
61 - 90 days past due	59,275	-	59,275
More than 90 days past due	9,367,490	(84,605)	9,282,885
	48,811,591	(84,605)	48,726,986

The movement in allowance for impairment losses on trade receivables is as follows:

	Group 2022 RM	Group 2021 RM
Credit impaired		
At 1 January	**84,605**	133,661
Charge for the financial year		
- Individually assessed	**1,876,351**	3,058
Reversal of impairment losses	**(7,650)**	(51,048)
Written off of impairment losses	**(76,955)**	(1,066)
At 31 December	**1,876,351**	84,605

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. 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 investment securities, cash and cash equivalents and derivatives), 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 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. It considers 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.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.12(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The maximum exposure to credit risk amounts to RM6,311,897 (2021: RM9,578,289) where the financial guarantees of RM691,627 (2021: RM958,449) and RM5,620,270 (2021: RM8,619,840) are provided as credit enhancements to a subsidiary's secured contracts and a subsidiary's secured banking facilities respectively.

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 29(b)(ii). As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries' 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 arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		Contractual cash flows			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
Group					
At 31 December 2022					
Trade and other payables	**50,228,465**	**50,228,465**	**-**	**-**	**50,228,465**
Revolving credit	**3,000,000**	**3,000,000**	**-**	**-**	**3,000,000**
Bankers' acceptance	**6,284,888**	**6,284,888**	**-**	**-**	**6,284,888**
Lease liabilities	**511,159**	**341,815**	**194,531**	**-**	**536,346**
Hire purchase payable	**1,418,368**	**402,006**	**1,082,013**	**98,293**	**1,582,312**
Bank overdrafts	**36,101**	**36,101**	**-**	**-**	**36,101**
	61,478,981	**60,293,275**	**1,276,544**	**98,293**	**61,668,112**
At 31 December 2021					
Trade and other payables	41,850,194	41,850,194	-	-	41,850,194
Revolving credit	3,000,000	3,049,011	-	-	3,049,011
Bankers' acceptance	4,780,843	4,780,843	-	-	4,780,843
Hire purchase payable	185,939	112,800	84,564	-	197,364
Bank overdrafts	3,926,540	3,926,540	-	-	3,926,540
	53,743,516	53,719,388	84,564	-	53,803,952

29. 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 based on contractual undiscounted repayment obligations are as follows: (Cont'd)

		Contractual cash flows			
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
Company					
At 31 December 2022					
Trade and other payables	**11,215,396**	**11,215,396**	**-**	**-**	**11,215,396**
Financial guarantee contracts	**-**	**6,311,897**	**-**	**-**	**6,311,897**
	11,215,396	**17,527,293**	**-**	**-**	**17,527,293**
At 31 December 2021					
Trade and other payables	11,416,599	11,416,599	-	-	11,416,599
Financial guarantee contracts	-	9,578,289	-	-	9,578,289
	11,416,599	20,994,888	-	-	20,994,888

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group	
	2022	**2021**
	RM	**RM**
Financial assets and (liabilities) not held in functional currencies		
Trade and other receivables		
United States Dollar ("USD")	**1,007,119**	2,311,187
Chinese Yuan ("CNY")	**743,814**	455,527
Singapore Dollar ("SGD")	**1,348,196**	1,400,068
Euro ("EUR")	**43,821**	175,197
	3,142,950	4,341,979
Cash and cash equivalents		
United States Dollar ("USD")	**453,010**	1,570,591
Singapore Dollar ("SGD")	**780,176**	958,689
	1,233,186	2,529,280
Trade and other payables		
United States Dollar ("USD")	**(1,974,431)**	(128,770)
Chinese Yuan ("CNY")	**(377,702)**	(339,629)
Singapore Dollar ("SGD")	**(141,169)**	(476,420)
Japanese Yen ("JPY")	**(73,211)**	(24,348)
	(2,566,513)	(969,167)

29. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to USD, CNY, SGD, EUR and JPY.

The following table demonstrates the sensitivity to a reasonably possible change in the USD, CNY, SGD, EUR and JPY, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in rate %	Effect on profit for the financial year/equity RM
Group		
31 December 2022		
- USD	**+ 10%**	**(39,087)**
	- 10%	**39,087**
- CNY	**+ 10%**	**27,825**
	- 10%	**(27,825)**
- SGD	**+ 10%**	**151,027**
	- 10%	**(151,027)**
- EUR	**+ 10%**	**3,330**
	- 10%	**(3,330)**
- JPY	**+ 10%**	**(5,564)**
	- 10%	**5,564**
31 December 2021		
- USD	+ 10%	285,229
	- 10%	(285,229)
- CNY	+ 10%	8,808
	- 10%	(8,808)
- SGD	+ 10%	143,058
	- 10%	(143,058)
- EUR	+ 10%	13,315
	- 10%	(13,315)
- JPY	+ 10%	(1,850)
	- 10%	1,850

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

30. RELATED PARTIES

(a) Identify 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 include:

(i) Subsidiaries;
(ii) Entities in which directors have substantial financial interests; and
(iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2022	**2021**
	RM	**RM**
Rental expense		
Subsidiary	**15,840**	9,240

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 12 and Note 21 to the financial statements.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 18 to the financial statements.

(c) Compensation of key management personnel

Key management personnel includes all the Directors of the Group.

There were no transactions with the key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 26 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and 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 the 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.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Total loan and borrowings	**11,250,516**	11,893,322	**-**	-
Less: Cash and bank balances	**(6,149,921)**	(10,453,667)	**(48,445)**	(2,304,841)
Less: Fixed deposits with licensed banks	**(1,728,975)**	(1,795,782)	**-**	-
Net cash	**3,371,620**	(356,127)	**(48,445)**	(2,304,841)
Total equity	**99,959,385**	48,695,301	**93,453,737**	60,047,295
Debt-to-equity ratio	**3.37%**	Nil	**Nil**	Nil

There were no changes in the Group's and the Company's approach to capital management during the financial year.

32. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Chief Operating Decision Maker ("CODM") (i.e. Managing Director of respective business units) for the purpose of making decisions about resource allocation and performance assessment.

The reportable operating segments are as follows:

Segments	**Products and services**
Manufacturing and trading	Manufacturing and trading of self-adhesive label stocks, tapes and related products
Construction contracts	Construction of residential buildings and public infrastructure.
Others	Investment holding.

Intersegment pricing is determined based on negotiated terms.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. SEGMENT INFORMATION (CONT'D)

Segments profit

Segment performance is used to measure performance as CODM believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segments assets

The total of segment assets is measured on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total assets are used to measure the return on assets of each segment.

Segments liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segments capital expenditure

Segment capital expenditure is the total cost incurred during the financial period to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing and trading 2022 RM	Manufacturing and trading 2021 RM	Construction contracts 2022 RM	Construction contracts 2021 RM	Others 2022 RM	Others 2021 RM	Eliminations 2022 RM	Eliminations 2021 RM	Consolidated 2022 RM	Consolidated 2021 RM
Revenue											
Revenue from external customers		**57,610,266**	60,136,978	**153,559,331**	46,915,109	**-**	-	**-**	-	**211,169,597**	107,052,087
Inter-segment revenue	A	**5,127,210**	5,424,256	**45,230,252**	-	**-**	-	**(50,357,462)**	(5,424,256)	**-**	-
		62,737,476	65,561,234	**198,789,583**	46,915,109	**-**	-	**(50,357,462)**	(5,424,256)	**211,169,597**	107,052,087
Results											
Included in measure of segment profit/(loss) are:											
Depreciation of:											
- Property, plant and equipment		**(614,298)**	(690,508)	**(455,892)**	(799,729)	**(7,675)**	(3,295)	**(33,379)**	(27,790)	**(1,111,244)**	(1,521,322)
- Right-of-use assets		**(189,336)**	(68,576)	**(54,228)**	(95,000)	**-**	-	**-**	-	**(243,564)**	(163,576)
- Investment properties		**(50,280)**	(47,925)	**-**	-	**-**	-	**33,379**	27,790	**(16,901)**	(20,135)
Finance income		**289,109**	122,687	**2,347**	15,485	**-**	-	**(256,739)**	(111,665)	**34,717**	26,507
Finance costs		**(305,518)**	(82,266)	**(416,544)**	(313,286)	**-**	-	**256,739**	111,665	**(465,323)**	(283,887)
Segment profit/(loss) (Restated)		**(873,701)**	1,605,516	**24,419,857**	(5,863,294)	**(2,699,430)**	(2,400,341)	**(3,835,861)**	(61,353)	**17,010,865**	(6,719,472)
Included in the measure of segment assets are:											
Additions to non-current assets other than financial instruments and deferred tax assets		**1,010,797**	400,164	**1,562,769**	138,608	**6,278**	26,189	**-**	-	**2,579,844**	564,961
Segment assets		**70,369,958**	68,086,855	**174,101,585**	59,961,110	**104,670,953**	72,213,994	**(159,632,512)**	(95,822,684)	**189,509,984**	104,439,275

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

32. SEGMENT INFORMATION (CONT'D)

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

Geographical information

Revenue and non-current assets information based on the geographical location of customers are as follows:

	Revenue RM	Non-current assets RM
2022		
Malaysia	**189,330,464**	**35,135,898**
Asia (excluding Malaysia)	**16,403,290**	**373,417**
Australia	**2,234,826**	**-**
United States of America	**1,885,075**	**-**
Europe	**550,456**	**-**
Others	**765,486**	**-**
	211,169,597	**35,509,315**
2021		
Malaysia	82,026,700	12,214,546
Asia (excluding Malaysia)	20,785,488	31,412
Australia	2,635,431	-
United States of America	296,675	-
Europe	833,239	-
Others	474,554	-
	107,052,087	12,245,958

Information about major customers

For construction segment, revenue from one (2021: three) customers represented RM107,978,625 (2021: RM45,112,000) for the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

33. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Acquisition of an indirect subsidiary

On 26 January 2022, the wholly-owned subsidiary, CIC Construction Sdn. Bhd. has entered into a conditional share sale and purchase agreement to acquire 70% equity interest in RYRT International Sdn. Bhd. for a purchase consideration of RM30,100,000 which is to be satisfied wholly by issuance of 28,942,308 new ordinary shares in the Company at an issue price of RM1.04 per share.

The conditional share sale and purchase agreement has become unconditional on 14 April 2022. The acquisition is deemed completed following the listing of 14,471,154 consideration shares on the Main Market of Bursa Securities on 20 April 2022.

The Company has on 27 June 2022 and 7 December 2022 issued the remaining of 8,448,380 and 6,022,774 consideration shares respectively, as part of the balance consideration share for the acquisition.

(b) Long-term incentive scheme ("LTIS")

On 21 March 2022, the Company announced that the effective date for the implementation of LTIS is 21 March 2022, being the date on which CGB is in full compliance with relevant requirements of the Listing Requirements.

On 29 December 2022, the Company announced that 7,487,264 ordinary shares of the Company are to be awarded under the Company's share grant scheme ("SGS").

On 18 January 2023, the Company announced that effective grant date for the first tranche of the SGS amounting to 697,859 ordinary shares of CGB shall be on 18 January 2023 at an issue price at RM0.9635 based on the five (5)-day volume weighted average market price of the Company's shares immediately preceding the share grant date.

On 11 April 2023, the Company announced that the effective grant date for the first tranche of the SGC amounting to 945,340 ordinary shares of CGB to the eligible director on 11 April 2023 at an issue price at RM1.1085 based on the five (5)-day volume weighted average market price of the Company's shares immediately preceding the share grant date.

34. MATERIAL LITIGATION

Proventus Bina Sdn. Bhd. ("PBSB"), a wholly-owned sub-subsidiary of the Company had on 5 April 2023 been served Writ of Summon and Statement of Claim dated 29 March 2023 by Trade Empire Sdn. Bhd. ("Plaintiff"). The Plaintiff is claiming for the principal sum of RM1,175,084, late payment interests of RM1,155,791 and subsequent late payment interest until full and final settlement. The Plaintiff's claim was in relation to materials and leasing services allegedly provided to PBSB.

The Writ of Summon and Statement of Claim are not expected to have any material financial and operational impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

35. COMPARATIVE FIGURES

During the financial year, the Group made retrospective adjustments to reflect the adjustment in construction costs for completed project.

Effect of the adjustments are as follows:

	Carrying amount previously reported RM	Adjustments RM	Restated carrying amount RM
At 1 January 2022			
Group			
Consolidated statement of financial position			
Trade and other payables	(38,855,833)	(2,994,361)	(41,850,194)
Accumulated losses	(13,036,878)	(2,994,361)	(16,031,239)
Consolidated statement of profit or loss and other comprehensive income			
Cost of sales	(98,126,350)	(2,994,361)	(101,120,711)
Consolidated statement of changes in equity			
Loss before tax	(3,725,111)	(2,994,361)	(6,719,472)
Consolidated statement of cash flows			
Loss before tax	(3,725,111)	(2,994,361)	(6,719,472)
Changes in working capital:			
Trade and other payables	6,591,189	2,994,361	9,585,550

STATEMENT BY DIRECTORS

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

We, **CHEW HIAN TAT** and **LEE CHEE VUI**, being two of the directors of Central Global Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 75 to 160 are drawn up in accordance with the 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,

CHEW HIAN TAT
Director

LEE CHEE VUI
Director

Kuala Lumpur

Date: 25 April 2023

STATUTORY DECLARATION

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

I, **YAP YIK YONG**, being the officer primarily responsible for the financial management of Central Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 75 to 160 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.

YAP YIK YONG
(MIA membership no: CA32423)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25 April 2023

Before me,

Noor Adibah Binti Mohd Shah
License No. W1020
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRAL GLOBAL BERHAD
(Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Central Global 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 a summary of significant accounting policies, as set out on pages 75 to 160.

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

Basis of 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.

Group

Trade receivables and contract assets (Notes 4(a), 11 and 12 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2022 which include certain amounts which are long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default. In making the assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our audit response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables and contract assets and impairment calculation;
- understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;
- obtaining confirmation of balances from selected receivables; and
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRAL GLOBAL BERHAD
(Incorporated in Malaysia)
(cont'd)

Key Audit Matters (Cont'd)

Group (Cont'd)

Inventories (Notes 4(b) and 10 to the financial statements)

As at 31 December 2022, the carrying amount of inventories held by the Group amounting to RM22,790,655. We focused on this area because the computation on cost allocation process involves multiple inputs and significant judgment is required to estimate the cost of manufactured goods and work-in-progress. The review of valuation of these inventories at lower of cost and net realisable value by the Group are major source of estimation uncertainty.

Our audit response:

Our audit procedures included, among others:

- obtaining an understanding of the inventories valuation policy and its related processes in allocating, recording and computing the cost of inventories;
- observing year end physical inventory count to examine physical existence and condition of the inventories and evaluating the design and implementation of controls during the count;
- checking subsequent sales and evaluating Group's assessment on estimated net realisable value on selected inventory items; and
- discussing with the Directors whether the inventories have been written down to their net reliasable value for inventory items with net reliasable value lower than their cost.

Revenue recognition for construction activities (Notes 4(c) and 22 to the financial statements)

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 construction 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 Group's judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our audit response:

Our audit procedures included, among others:

- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager; and
- checking the mathematical computation of recognised revenue for the projects during the financial year.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRAL GLOBAL BERHAD
(Incorporated in Malaysia)
(cont'd)

Key Audit Matters (Cont'd)

Group (Cont'd)

Goodwill on consolidation (Notes 4(d) and 8 to the financial statements)

The Group has significant balances of goodwill arising from the acquisition of RYRT International Sdn. Bhd. The goodwill is tested for impairment annually. We focused on this area because this assessment requires significant judgements by the Group on the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including inflation rates and gross profit margin.

Our audit response:

Our audit procedures included, among others:

- comparing the Group's key assumptions which include consideration of the current economic and business environment, to externally derived data, in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margin;
- testing the mathematical accuracy of the impairment assessment; and
- discussing with the Directors on the sensitivity of key assumptions by assessing the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Company

Investment in a subsidiary (Notes 4(e) and 9 to the financial statements)

The Company has significant balance of investment in a subsidiary, namely CIC Construction Sdn. Bhd.. At the end of the financial year, the Company determined whether there is any indication of impairment in investment in a subsidiary. We focused on this area because the Company's assessment of the recoverable amount involved significant judgement. The recoverable amount of investment in the subsidiary was determined based on value-in-use which includes the discount rate applied in the recoverable amount calculation and the assumption supporting the underlying cash flow projections which include gross profit margin and operating expenses.

Our audit response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- testing the mathematical accuracy of the impairment assessment; and
- discussing with the Directors on the sensitivity of key assumptions by assessing the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CENTRAL GLOBAL BERHAD

(Incorporated in Malaysia)
(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 the 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.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CENTRAL GLOBAL BERHAD
(Incorporated in Malaysia)
(cont'd)

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ong Teng Yan
No. 03076/07/2023 J
Chartered Accountant

Kuala Lumpur

Date: 25 April 2023

LIST OF PROPERTIES

Registered Owner/Location	Description And Existing Use	Land/ Built Up Area (sq ft)	Tenure	Approximate Age of Building	Net Book Value as at 31.12.2022 (RM)
Central Industrial Corporation Berhad Lot 77 & 78, Persiaran 11, Kawasan Perusahaan Bakar Arang, 08000 Sungai Petani, Kedah Darul Aman, Malaysia.	Industrial land with factory, warehouse and office	1	Leasehold (Expire: Year 2050)	32 years	7,536,807
Central Industrial Corporation Berhad No. 5-13.1, 5-13.2, 5-14.1,5-14.2, 5-15.1,5-15.2, 5-16.1, 5-16.2, 5-17.1, 5-17.2 and 5-18 Block A, Plaza Dwitasik, Phase 1, Bandar Sri Permaisuri, Off Jalan Permaisuri, Cheras, 56000, Kuala Lumpur Malaysia.	Office building	N/A/11,368	Leasehold (Expire: Year 2095)	24 years	1,740,762

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Total Number of Issued Shares : 145,318,420 ordinary shares

Class of Shares : Ordinary Shares

Voting Rights : One vote per share

DISTRIBUTION OF SHAREHOLDINGS
As at 31 March 2023

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 31 MARCH 2023 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	256	5,464	0.00
100 - 1,000 shares	333	193,575	0.13
1,001 - 10,000 shares	970	4,563,940	3.14
10,001 - 100,000 shares	392	11,754,240	8.09
100,001 below 5% of issued shares	121	89,935,823	61.89
5% and above of issued shares	3	38,865,378	26.75
Total	**2,075**	**145,318,420**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2023)

No.	Name	Direct Interest Shares	Direct Interest %	Deemed Interest Shares	Deemed Interest %
1.	DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK	-	-	-	-
2.	CHEW HIAN TAT	35,398,078	24.36	(1)5,242,000	3.61
3.	LEE CHEE VUI	1,050,000	0.72	(2)9,453,108	6.51
4.	YM TENGKU DATO' INDERA ABU BAKAR AHMAD BIN TENGKU ABDULLAH	-	-	-	-
5.	TAN SUAT HOON	-	-	-	-
6.	LEE SWEE MENG	213,300	0.15	-	-
7.	SAHARI BIN AHMAD	-	-	-	-

Note:-

(1) Deemed interested by virtue of his interest in HJT International Group (M) Sdn. Bhd. and HJT Foods Technology (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

(2) Deemed interested by virtue of his interest in RYRT Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2023
(cont'd)

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023)

No.	Name	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1.	CHEW HIAN TAT	35,398,078	24.36	(1)5,242,000	3.61
2.	RYRT HOLDINGS SDN. BHD.	9,453,108	6.51	-	-
3.	LEE CHEE VUI	1,050,000	0.72	(2)9,453,108	6.51
4.	SOO YU CHAI	16,667	0.05	(2)9,453,108	6.51
5.	GENEVA INSURANCE GROUP (BARBADOS) INC	8,000,000	5.51	-	-

Note:-

(1) Deemed interested by virtue of his interest in HJT International Group (M) Sdn. Bhd. and HJT Foods Technology (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

(2) Deemed interested by virtue of their interests in RYRT Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

THIRTY (30) LARGEST SHAREHOLDERS

As at 31 March 2023

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 31 MARCH 2023 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Names	No. of Shares held	%
1.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MGN-CHT0002M)	18,774,678	12.92
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT	12,090,700	8.32
3.	GENEVA INSURANCE GROUP (BARBADOS) INC	8,000,000	5.51
4.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG (SMART)	5,555,000	3.82
5.	RYRT HOLDINGS SDN. BHD.	5,000,000	3.44
6.	HSBC NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR BANK VONTOBEL AG	4,640,000	3.19
7.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR HJT INTERNATIONAL GROUP (M) SDN. BHD. (7002971)	3,550,000	2.44
8.	MERSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR RYRT HOLDINGS SDN. BHD.	3,200,000	2.20
9.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TEOH SENG KIAN (SMART)	2,705,000	1.86
10.	HSBC NOMINEES (ASING) SDN. BHD. - SOCIETE GENERALE PARIS	2,700,000	1.86

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023
(cont'd)

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)
As at 31 March 2023

No.	Names	No. of Shares held	%
11.	CITIGROUP NOMINEES (ASING) SDN. BHD. - UBS AG	2,445,300	1.68
12.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR TIONG KWING HEE (SMART)	2,400,000	1.65
13.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR AN SIEW CHONG	2,399,000	1.65
14.	HSBC NOMINEES (ASING) SDN. BHD. - J.P. MORGAN SECURITIES PLC	2,174,400	1.50
15.	CARTABAN NOMINEES (ASING) SDN. BHD. - THE BANK OF NEW YORK MELLON FOR ASSURED ASSET MANAGEMENT LIMITED	2,160,000	1.49
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUT FOR CHEW HIAN TAT (MY3742)	2,032,700	1.40
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (7006414)	1,900,000	1.31
18.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR ONG TZU CHUEN	1,745,000	1.20
19.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR HJT FOODS TECHNOLOGY (M) SDN. BHD. (MGN-HJT0001M)	1,692,000	1.16
20.	YUNUS GUL BIN ALIF GUL	1,666,000	1.15
21.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR SHIN KAM SUN	1,400,000	0.96
22.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR SABRAN BIN SAMSURI	1,378,000	0.95
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR AN SIEW CHONG (7001941)	1,300,000	0.89
24.	RYRT HOLDINGS SDN. BHD.	1,253,108	0.86
25.	YAP FEI YUN	1,243,600	0.86
26.	YUNUS GUL BIN ALIF GUL	1,178,400	0.81
27.	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR RAZ UTAMA SDN. BHD.	1,088,000	0.75
28.	LEE YOOK SIONG	1,055,000	0.73
29.	MERCSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LEE CHEE VUI	1,050,000	0.73
30.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. -PLEDGED SECURITIES ACCOUNT FOR LIEW HUI TONG (7006561)	1,045,000	0.72

ANALYSIS OF WARRANT HOLDINGS
AS AT 31 MARCH 2023

No. of 2022/2025 Warrants Issued : 62,391,724

No. of 2022/2025 Warrants Outstanding : 48,292,320

DISTRIBUTION OF WARRANTHOLDINGS
As at 31 March 2023

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 31 MARCH 2023 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 warrants	356	12,010	0.02
100 - 1,000 warrants	406	249,975	0.52
1,001 - 10,000 warrants	694	2,664,629	5.52
10,001 - 100,000 warrants	217	6,803,660	14.09
100,001 below 5% of issued warrants	55	15,548,590	32.20
5% and above of issued warrants	5	23,013,456	47.65
Total	**1,733**	**48,292,320**	**100.00**

DIRECTORS' WARRANT HOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS AS AT 31 MARCH 2023)

No.	Name	Direct Interest		Deemed Interest	
		Warrants	%	Warrants	%
1.	DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK	-	-	-	-
2.	CHEW HIAN TAT	17,204,039	35.62	(1)1,775,000	3.68
3.	LEE CHEE VUI	-	-	(2)6,825,767	14.13
4.	YM TENGKU DATO' INDERA ABU BAKAR AHMAD BIN TENGKU ABDULLAH	-	-	-	-
5.	TAN SUAT HOON	-	-	-	-
6.	LEE SWEE MENG	156,650	0.32	-	-
7.	SAHARI BIN AHMAD	-	-	-	-

Note:-
(1) Deemed interested by virtue of his interest in HJT International Group (M) Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016
(1) Deemed interested by virtue of his interest in RYRT Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016

ANALYSIS OF WARRANT HOLDINGS

AS AT 31 MARCH 2023
(cont'd)

THIRTY (30) LARGEST WARRANT HOLDERS
As at 31 March 2023

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 31 MARCH 2023 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON

No.	Names	No. of Warrants held	%
1.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MGN-CHT0002M)	6,137,339	12.71
2.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT	6,045,350	12.52
3.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (7006414)	4,005,000	8.29
4.	RYRT HOLDINGS SDN. BHD.	4,000,000	8.28
5.	RYRT HOLDINGS SDN. BHD.	2,825,767	5.85
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR HJT INTERNATIONAL GROUP (M) SDN. BHD. (7002971)	1,775,000	3.67
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUT FOR CHEW HIAN TAT (MY3742)	1,016,350	2.10
8.	TING ING HOCK	647,800	1.34
9.	SUPREME HOME APPLIANCES SDN. BHD.	638,700	1.32
10.	SIOW SUN WOON	571,900	1.18
11.	GOH KHAI SHING	417,500	0.86
12.	HO TEIK SUAN	400,150	0.83
13.	HENG WEI YAU	399,200	0.83
14.	LOW TEONG HWA	397,500	0.82
15.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG CHEE MOY	375,000	0.78
16.	WONG WAI KEONG	350,000	0.72
17.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEAH HONG FATT (E-SKIN)	343,000	0.71
18.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - LEE SU HONG	333,500	0.69
19.	LIM ANN KOK	332,550	0.69
20.	YANG LAI SEE	315,900	0.65
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR NG CHEE MOY (7006674)	297,800	0.62
22.	RAZ UTAMA SDN. BHD.	296,200	0.61
23.	SHIN KAM SUN	284,900	0.59
24.	ONG JIA HUI	281,300	0.58
25.	LOW GEE CHAI	251,000	0.52
26.	HSBC NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR BANK VONTOBEL AG	250,000	0.52
27.	CHOY CHENG CHOONG	240,000	0.50
28.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR KHOR SHU LIN (7001821)	228,200	0.47
29.	ONG HOCK CHOON	227,800	0.47
30.	CHIN CHIN SEONG	225,000	0.47

ADMINISTRATIVE NOTES

CENTRAL GLOBAL BERHAD
Registration No.: 201801036114 (1298143-T)
(Incorporated in Malaysia)

ADMINISTRATIVE NOTES
FOR THE FOURTH ANNUAL GENERAL MEETING ("AGM")

Date	:	**Wednesday, 21 June, 2023**
AGM Time	:	**10.00 a.m.**
Venue	:	**A5-06, Block A, Plaza Dwi Tasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur**

Voting via Digital Ballot Form at a Virtual 4th AGM

1. The 4th AGM will be conducted on a virtual basis through remote participation and electronic voting from the Broadcast Venue ("Online AGM").

2. This is a virtual AGM. No shareholders / proxies are allowed to be physically at the Meeting venue. Pre-registration of attendance is required via the link at **https://vps.megacorp.com.my/S6v10B** (please refer to paragraph 5 for further details). After the registration is validated and accepted, shareholders will receive an email with a link to grant access to the **Digital Ballot Form ("DBF")**.

3. With the DBF and meeting link, you may exercise your right as a shareholder of the Company to vote remotely during the AGM, at the comfort of your home or from any location.

4. Shareholders may use the *Questions' Pane facility* (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions before the meeting via email to the following e-mail address in relation to the agenda items for the AGM:
   AGM-support.CGB@megacorp.com.my

Registration Procedure

5. Kindly follow the steps below to ensure that you are able to obtain your DBF and meeting link to log in to the Live-Streaming session to participate and vote remotely during the AGM online:

   a. Open this link **https://vps.megacorp.com.my/S6v10B**, or scan the QR code at the top right corner of this document, and submit all requisite details at least twenty-four (24) hours before the date of AGM.

   b. Only shareholders are allowed to register their details online. Shareholders can also appoint proxies or Chairman of the meeting as proxy via online, as in step (a) above. Please ensure that your details are accurate as non-compliance would result in you not being able to participate in the Meetings.

   c. Alternatively, you may deposit your Proxy Form, duly completed with the proxy's email address and mobile phone number, at the office of the Poll Administrator at least 48 hours before the date of the EGM at:

      Mega Corporate Services Sdn. Bhd.
      Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or;
      Submit via e-mail to:
      AGM-support.CGB@megacorp.com.my

ADMINISTRATIVE NOTES
(cont'd)

Registration Procedure (Cont'd)

d. For corporate shareholders / nominee accounts, please execute Form of Proxy as per step (c) above.

e. Upon verification on your registration, the Poll Administrator, Mega Corporate Services Sdn. Bhd., will send the following via email:

   i. **Meeting Link** - for the Live-Streaming Session
   ii. **DBF** - for Voting Purposes

Record of Depositors ("ROD") for the AGM

6. The date of ROD for the AGM is Wednesday, 14 June, 2023. As such, only shareholders whose name appear in the ROD shall be entitled to participate, speak and vote at the Meeting, or appoint proxy(ies) / corporate representative(s) to participate, speak and vote on his / her behalf.

Poll Voting

7. The voting of the AGM will be conducted by poll. The Company has appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator to conduct the polling process by way of e-voting, and Cygnus Technology Solutions Sdn. Bhd. as Scrutineers to verify the poll results.

8. Shareholders can proceed to vote on the resolutions and submit your votes during the voting period as stipulated in the DBF. Upon completion of the voting session for the AGM, the Scrutineers will verify the poll results after which the Chairman will announce the poll results of the resolutions.

Enquiry

If you have any enquiries on the above, please contact the Poll Administrator during office hours (Monday to Friday):

Mega Corporate Services Sdn. Bhd.

Email	:	**AGM-support.CGB@megacorp.com.my**
Tel	:	+60 (3) 2692 4271 / 2694 8984
Alfred	:	+60 (12) 912 2734
Hisham	:	+60 (12) 252 9136

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PROXY FORM

No. of Shares Held:	
CDS Account No.:	

CENTRAL GLOBAL BERHAD
(Registration No. 201801036114 (1298143-T))

I/We ______________________________ (NRIC No______________________)
(Full name in block letters)

of ____
(Full address)

being a member/members of **CENTRAL GLOBAL BERHAD** hereby appoint the following person(s):-

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

and/or*

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

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Fourth Annual General Meeting of the Company will be conducted on a fully virtual basis at the Broadcast Venue at A5-06 Block A, Plaza Dwi Tasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on Wednesday, 21 June 2023 at 10.00 a.m. and at every adjournment thereof.

My/our proxy/proxies is(are) to vote as indicated below:-

Ordinary Resolutions		**First Proxy**		**Second Proxy**	
		For	**Against**	**For**	**Against**
1	To approve the payment of Directors' fees and benefits from this Annual General Meeting until the next Annual General Meeting				
2	To re-elect the director, Dato' Faisal Zelman bin Datuk Abdul Malik				
3	To re-elect the director, Encik Sahari bin Ahmad				
4	To re-elect the director, Madam Tan Suat Hoon				
5	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company				
6	Authority to allot shares				

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not indicate how you wish to vote on any resolutions, the proxy(ies) will vote or abstain from voting at his/her/their discretion(s)).

As witness my hand this……………….day of……………………………2023

…………………………....
Signature/Common Seal

*** Strike out whichever is not desired.**

Notes:

(i) The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. ***No shareholders/proxies*** *from the public will be physically present at the meeting venue. Shareholders who wish to participate the Fourth Annual General Meeting will therefore have to register via the link https://vps.megacorp.com.my/S6v10B. Kindly refer to the annexure of the Administrative Notes for further information.*

(ii) Only depositors whose names appear in the Record of Depositors as at 14 June 2023 shall be entitled to attend the Fourth Annual General Meeting or appoint a proxy to attend, speak and vote on his behalf. All voting will be conducted by way of poll.

(iii) A member of the Company entitled to attend, speak and vote at this meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A member may appoint up to two (2) proxies to attend at the same meeting. Where a member appoints two proxies, he shall specify the proportion of his shareholdings to be represented by each proxy.

(iv) (a) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(b) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(v) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if such appointor is a corporation under its Common Seal or the hand of its attorney.

(vi) Except for body corporate, you have the option to register directly at https://vps.megacorp.com.my/S6v10B to submit the proxy appointment electronically not later than 19 June 2023 at 10.00 a.m. Kindly refer to the annexure of the Administrative Notes for further information.

(vii) All Proxy Form must be deposited at the Company's Registered Office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or email to AGM-support.CGB@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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Affix
Stamp Here

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.

Fold here

CENTRAL GLOBAL BERHAD
201801036114 (1298143-T)

A5-06 Block A Plaza Dwi Tasik,
Jalan 5/106 Bandar Sri Permaisuri,
56000 Kuala Lumpur, Malaysia.
Tel : 603-9171 8966
Fax : 603-9171 8922

www.cgbgroup.com.my