Central Global Berhad

201801036114 (1298143-T)

2021

ANNUAL REPORT

VISIONARY GROWTH

Group Structure

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 Information Technology Sdn. Bhd. (CGIT)
- **100%** Central Global Fintech Sdn. Bhd. (CGF)
- **100%** Central Global Big Data Centre Sdn. Bhd. (CGBDC)
- **100%** Central Global Healthcare Sdn. Bhd. (CGH)
- **100%@** Central Global Energy Sdn. Bhd. (CGE)

@ *Incorporated on 1 March 2022.*
* *Incorporated on 17 March 2022.*
# *Became a subsidiary on 20 April 2022.*

Visionary Growth

In order to follow the path that leads to greater expansion, Central Global Berhad established its presence in the manufacturing and construction industry 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.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third 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 DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on Tuesday, 21 June 2022 at 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 2021 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 RM471,000.00 from 1 July 2022 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) Mr. Lee King Loon (Clause 78) **Ordinary Resolution 2**
   (ii) YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah (Clause 79) **Ordinary Resolution 3**
   (iii) Mr. Chew Hian Tat (Clause 79) **Ordinary Resolution 4**
   (iv) Mr. Lee Swee Meng (Clause 79) **Ordinary Resolution 5**
   (v) Encik Sahari bin Ahmad (Clause 79) **Ordinary Resolution 6**
   (vi) Mr. Lee Chee Vui (Clause 79) **Ordinary Resolution 7**

4. To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

AS SPECIAL BUSINESS
To consider and, if thought fit, to pass the following ordinary resolutions:-

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." **Ordinary Resolution 9**

6. **PROPOSED ALLOCATIONS OF SHARE OPTIONS AND/OR SHARE AWARDS TO THE DIRECTORS OF CGB ("PROPOSED ALLOCATIONS")**

   "THAT, approval be and is hereby given to the Board to authorise the committee appointed and authorised by the Board from time to time to administer the Long-Term Incentive Scheme ("LTIS" or "Scheme") ("LTIS Committee") in accordance with the By-Laws, to offer and grant, from time to time throughout the duration of the Scheme, such number of Shares in the Company which will be vested to the Directors at a future date and to allot and issue such number of options, Shares and/ or the equivalent cash value or combinations thereof comprised in the LTIS granted to the following Directors from time to time:-

NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

(i) Mr. Chew Hian Tat, Group Managing Director — **Ordinary Resolution 10**

(ii) Mr. Lee Chee Vui, Executive Director — **Ordinary Resolution 11**

(ii) Mr. Lee Swee Meng, Independent Non-Executive Director — **Ordinary Resolution 12**

(iii) Encik Sahari bin Ahmad, Independent Non-Executive Director — **Ordinary Resolution 13**

PROVIDED ALWAYS THAT:-

(i) he must not participate in the deliberation or discussion of his own allocation to be issued under the LTIS;

(ii) not more than 10% of the total number of CGB Shares to be issued under the LTIS shall be allocated to him, if he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued CGB Shares (excluding treasury shares);

(iii) not more than 70% of the total number of Shares to be issued under the LTIS shall be allocated, in aggregate, to the Directors and senior management of the Group who are Eligible Persons (where "senior management" shall be subject to any criteria as may be determined by the LTIS Committee from time to time);

(iv) it is in accordance with the Listing Requirements or any prevailing guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authorities, as amended from time to time and subject always to such terms and conditions and/or adjustments which may be made in accordance with the By-Laws; and

(v) the Directors and senior management of the Group and members of the LTIS Committee who are Eligible Persons shall not participate in the deliberation or discussion of their respective allocations as well as to persons connected with them, if any."

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws, the Board be and is hereby authorised to take such steps as necessary or expedient to implement, finalise or to give full effect to the Proposed Allocations above with full power to assent to any terms, conditions, modifications, variations and/or amendments as may be imposed and/or permitted by the relevant authorities or otherwise thought fit by the Board to be in the best interest of the Company; to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the Proposed Allocations as above as well as to deal with all matters relating thereto and/or to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

7. 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 29th day of April 2022

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 in the Third Annual General Meeting will therefore have to register via the link https://vps.megacorp.com.my/eD10hX. Kindly refer to the annexure of the Administrative Details for further information.

(ii) Only depositors whose names appear in the Record of Depositors as at 14 June 2022 shall be entitled to attend the Third 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/eD10hX to submit the proxy appointment electronically not later than 19 June 2022 at 10.00 a.m. Kindly refer to the annexure of the Administrative Details 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.

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 9 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.

2. **Authority to allot shares pursuant to Section 75 and 76 of the Companies Act 2016 (Cont'd)**

   As at the date of this Notice, 11,864,000 ordinary shares at an average price of RM1.10 each were issued by way of private placement ("Private Placement") pursuant to the mandate granted to the Directors at the last Annual General Meeting on 22 June 2021. Total proceeds of RM13,025,366 was raised and RM10,890,552 has been utilised from the Private Placement.

3. **Proposed Allocations of Share Options and/or Share Awards to the Directors of CGB**

   The Long-Term Incentive Scheme ("LTIS") was approved at the Extraordinary General Meeting held on 27 October 2021. The proposed Ordinary Resolutions 10 to 13, if passed, will allow the following Directors of the Company to participate in the LTIS of the Company. The following Directors will abstain from voting on this resolution in respect of their direct and indirect shareholdings in the Company, if any:-

   (i) Mr. Chew Hian Tat, Group Managing Director
   (ii) Mr. Lee Chee Vui, Executive Director
   (iii) Mr. Lee Swee Meng, Independent Non-Executive Director
   (iv) Encik Sahari bin Ahmad, Independent Non-Executive Director

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK
Non-Independent Non-Executive Chairman
(Redesignated from Executive Chairman on 2 December 2021)

MR. CHEW HIAN TAT
Group Managing Director
(Appointed on 1 November 2021 and redesignated from Managing Director on 26 November 2021)

MR. LEE CHEE VUI
Executive Director
(Appointed on 1 April 2022)

MR. LEE KING LOON
Independent Non-Executive Director

YM TENGKU DATO' INDERA ABU BAKAR AHMAD BIN TENGKU ABDULLAH
Independent Non-Executive Director
(Appointed on 24 June 2021)

MR. LEE SWEE MENG
Independent Non-Executive Director
(Appointed on 19 November 2021)

ENCIK SAHARI BIN AHMAD
Independent Non-Executive Director
(Appointed on 29 December 2021)

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Lee King Loon (Chairman)
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah
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
Mr. Lee King Loon
Encik Sahari bin Ahmad

NOMINATION COMMITTEE
Encik Sahari bin Ahmad (Chairman)
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah
Mr. Lee King Loon
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]

AUDITORS
Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF0117
Baker Tilly Tower, Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel: 03-22971000
Fax: 03-22829980

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

BANKERS
Malayan Banking Bhd.
United Overseas Bank (Malaysia) Bhd.
RHB Bank Bhd.
Hong Leong Bank Bhd.

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

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

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

PROFILE OF DIRECTORS

DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK

Non-Independent Non-Executive Chairman
Malaysian
49 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' Faisal Zelman was re-designated to 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. He joined RMT Metals Sdn. Bhd., a company listed in Metal Traders of the World, as Marketing Executive from 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 for 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
48 years old
Male

Mr. Chew Hian Tat was appointed as Managing Director on 1 November 2021 and subsequently re-designated to Group Managing Director on 26 November 2021.

Mr. Chew holds a Bachelor's degree in Business Administration from Open University of Malaysia and has recently completed his Master of Business Administration from Twintech International University College of Technology in 2021.

He 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. PPS Investment Bank Ltd; a licensed investment bank in Labuan (pending approval);
2. Tatmas Fintech Solutions Ltd; a licensed cryptocurrency broker in Labuan (pending conditional approval);
3. Tatmas Exchange Ltd; a licensed cryptocurrency exchange in Estonia;
4. HJT International (M) Sdn. Bhd.; a licensed multi-level direct selling company;
5. HJT Development (M) Sdn. Bhd.; a property development company;
6. HJT Holding Berhad; an investment holding company;
7. HJT Foods Technology (M) Sdn. Bhd.; a health and supplement product distributor;
8. 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
57 years old
Male

Mr. Lee Chee Vui was appointed as an Executive Director on 1 April 2022. Mr. Lee has brought with him over 29 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).

LEE KING LOON

Independent Non-Executive Director
Malaysian
51 years old
Male

Mr. Lee King Loon was appointed to the Board of CGB on 26 February 2021 as Independent Non-Executive Director. At the same time, he was appointed as a member in the Audit and Risk Management Committee. On 2 July 2021, he was re-designated to Chairman of the Audit and Risk Management Committee of CGB. He is currently a member of the Remuneration Committee and Nomination Committee of CGB.

Mr. Lee holds a Bachelor's Degree in Commerce from University of Western Australia, Perth. He was admitted as a member of CPA Australia and Malaysian Institute of Accountants (MIA) in August 1995 and December 1995 respectively.

He has more than 28 years of experience in accounting and finance including conducting financial due diligence reviews, valuations and financial modelling. He has also provided advisory services to large corporations and private equity firms.

Currently, Mr. Lee King Loon is a director of Qwantum Skylight Capital Sdn. Bhd., a licensed corporate finance advisory company and a director of Choizen Holdings Limited and its subsidiary, principally engaged in investment holding and the provision of consultancy services. He is also the co-founder of Meridian Care Capital Berhad, an unlisted public company investing primarily in entities engaged in the healthcare and life sciences industry.

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
37 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. YM 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 Audit and Risk Management Committee, 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).

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. On a concurrent basis, he was also appointed as 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 Malaysia Royal 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. 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
66 years old
Male

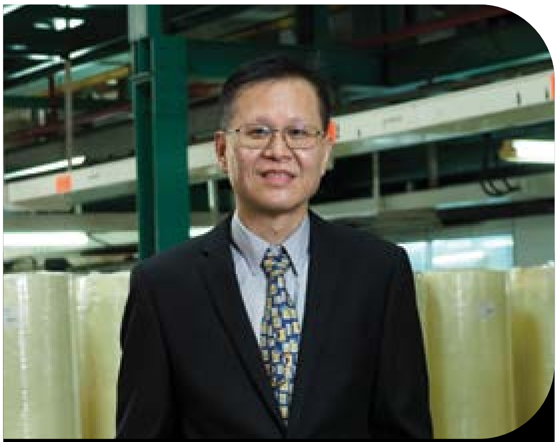
En. Sahari Bin Ahmad was appointed as Independent Non-Executive Director on 29 December 2021. On a concurrent basis, he was also appointed as the Chairman of the Nomination Committee and as members of the Audit and Risk Management Committee and Remuneration Committee of CGB.

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. In 2016 he was 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 KEY SENIOR MANAGEMENT



KEW SY LENG

Group Financial Controller
Malaysian
54
Male

Mr. Kew joined CICB on 2 October 2017 as Group Financial Controller. He holds a Bachelor's Degree in Accountancy and a professional certificate which he attained in the year 1993 from University Malaya and Malaysian Institute of Certified Public Accountants (MICPA) respectively. He is a qualified accountant and a member of the Malaysian Institute of Accountants since 1996. He was also a member of the MICPA from 1996 to 2010.

Upon graduation, Mr. Kew joined the Industrial Training program organised by the Lion Group in collaboration with MICPA and was assigned to various departments and operating companies within the Lion Group.

Besides the Lion Group, Mr. Kew has also worked for companies under the DRB-HICOM group which manufactured and assembled two-wheeler vehicles for Suzuki and Honda. He has vast experience in the manufacturing industry especially in the automotive sector where he has served as Head of Finance. His experiences include management reporting, costing, cost reduction, Enterprise Risk Management and Enterprise Resource Planning (ERP) system implementation.

Mr. Kew 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).

LIM HAN BOON

Chief Executive Officer
(Construction & Development Division)
Malaysian
41
Male

Mr. Lim joined CICC in March 2021 as Chief Business Officer. He was re-designated to Chief Executive Officer of Construction & Development Division effective 1 April 2022.

Mr. Lim graduated from Institute Teknologi Pertama in 2002 with a Higher National Diploma in Quantity Surveying. He also holds a Master of Business Administration from Twintech International University College of Technology.

Mr. Lim has almost 20 years of experience in the construction development field. He started off as Senior Contract Executive with Binapuri Sdn. Bhd. in 2004 prior to being appointed as Project Director for Wangsa Group of Companies. Prior to joining CGB, he was the Chief Operation Officer of Vizione Holdings Berhad.

Mr. Lim 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)

IR. BEH KIM BOON

Chief Operating Officer (West Malaysia)
(Construction & Development Division)
Malaysian
51
Male

Ir. Beh Kim Boon joined CIC Construction Sdn. Bhd. (CICC) as Chief Executive Officer in 2021. He was re-designated as Chief Operating Officer of West Malaysia for the Construction and Development Division effective 1 April 2022. 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 20 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 General Manager in Vizione Holdings Berhad; a position he held since 2014 as top level of management. He did build his credentials through a partnership construction company specialising in infrastructure and building construction works. Throughout his career, he gained experiences 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).

LAU CHEE WAI

Chief Operating Officer (East Malaysia)
(Construction & Development Division)
Malaysian
42
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 with 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).

PROFILE OF KEY SENIOR MANAGEMENT (Cont'd)

KONG TECK FONG

Chief Strategy Officer
(Construction & Development Division)
Malaysian
51
Male

Mr. Kong was appointed as Executive Director of Proventus Bina Sdn. Bhd. on 10 February 2017 and was subsequently re-designated to Managing Director on 21 June 2019 and Chief Executive Officer on 8 March 2021. He was re-designated as Chief Strategy Officer of Construction and Development Division effective 1 April 2022. He graduated with a Bachelor in Finance and Marketing from Oregon State University, United States in 1994.

Mr. Kong started his career in Compaq Singapore Pte. Ltd. as a financial analyst in 1994 and subsequently joined Hewlett Packard Singapore Pte. Ltd. as a Marketing Manager. He was the Chief Sales and Marketing Officer of MicroGreen Bio-Industrial Berhad from 2001 to 2008. He was subsequently appointed as Executive Director in a property development company where he was involved in the planning, project management and marketing of a mixed township development.

Mr. Kong 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
62
Male

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

Mr. Soo has 40 plus years of experience in Automotives sector. Prior to CICB, he is attached to a Multinational Company "EXEDY Group" as General Manager which is a manufacturer and brand owner of EXEDY Powertrain products for Automotive sectors. Mr. Soo's responsibility included 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
41
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
43
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).

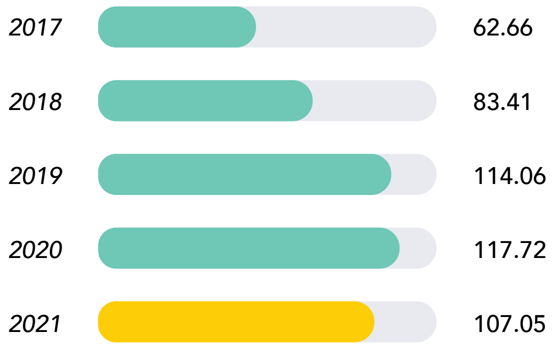
KEY FINANCIAL HIGHLIGHTS

Description	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	**107,052**	117,720	114,058	83,414	62,658
(Loss)/Profit before tax	**(3,725)**	(5,755)	1,269	(968)	1,263
(Loss)/Profit for the year	**(4,099)**	(5,516)	422	(3,806)	3,498
(Loss)/Profit attributable to shareholders	**(4,099)**	(2,864)	(610)	(3,606)	3,498
Share capital	**64,432**	51,407	51,407	#-	51,407
Reserves	**(12,742)**	(6,500)	(3,439)	#48,576	1,652
Non-controlling interest	**-**	1,926	4,577	3,545	-
TOTAL EQUITY	**51,690**	46,833	52,545	52,121	53,059
Long term liabilities	**2,041**	2,283	2,579	2,627	1,715
Current liabilities	**50,708**	36,575	30,194	27,622	3,733
TOTAL EQUITY AND LIABILITIES	**104,439**	85,691	85,318	82,370	58,507
Property, plant and equipment	**10,061**	12,146	14,094	15,023	13,011
Right-of-use assets	**1,457**	1,747	1,483	-	-
Investment properties	**728**	962	990	1,017	1,044
Prepaid lease payments	**-**	-	-	1,429	1,475
Investment in an associate	**-**	-	-	-	1,398
Deferred tax assets	**-**	-	45	64	2,275
Goodwill	**-**	-	22	22	-
Current assets	**92,193**	70,836	68,684	64,815	39,304
TOTAL ASSETS	**104,439**	85,691	85,318	82,370	58,507
Net assets per share (RM)	**0.51**	0.50	0.53	0.54	1.06
Basic (loss)/earnings per ordinary share (sen)	**(4.42)**	(3.18)	(0.68)	(4.01)	*3.98

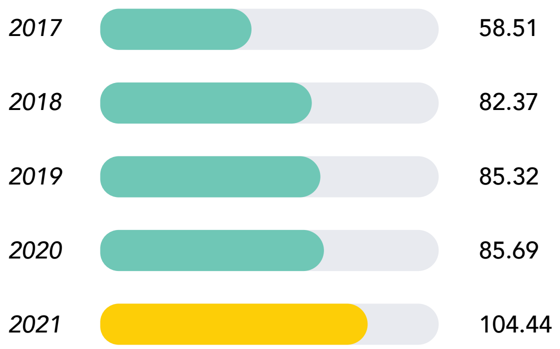
* Restated due to bonus issue in 2018 based on ratio of 4 shares for every 5 shares held.
# Restated due to internal reorganisation completed on 21 June 2019.

KEY FINANCIAL HIGHLIGHTS (Cont'd)

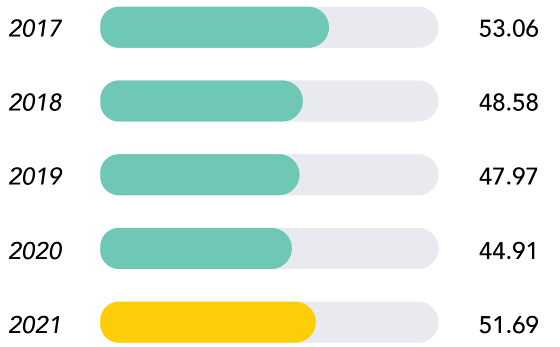
Revenue (RM Million)



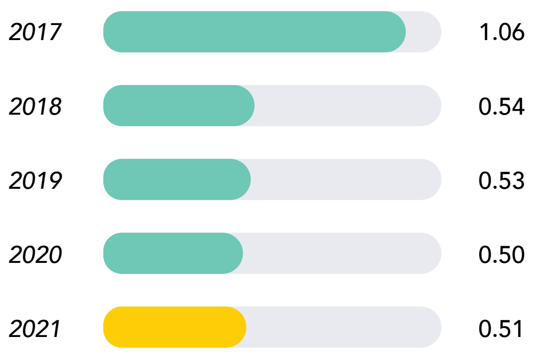
Total Assets 2021 (RM Million)



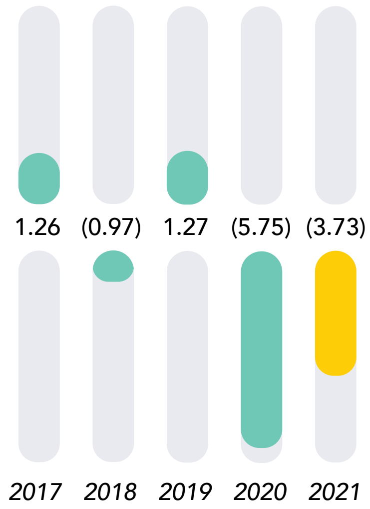
Shareholders' Funds (RM Million)



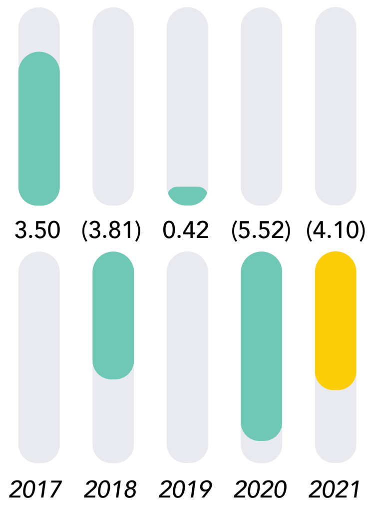
Net Assets per Share (RM)



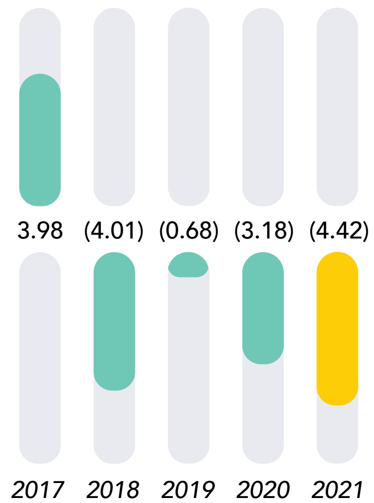
Profit/(Loss) Before Tax (RM Million)



Profit/(Loss) After Tax (RM Million)



Earnings per Share (Sen)



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 2021 ("FYE 2021").

ANOTHER CHALLENGING YEAR

Without a doubt, the COVID-19 pandemic has brought on an unprecedented crisis never experienced before with multiple forms of lockdowns in Malaysia since 18 March 2020 which continued on in 2021. During the reporting year, in attempts to flatten the curve of the pandemic, many nations, including Malaysia, repeatedly initiated quarantine measures that saw economic activities, business operations and life in general come to a complete standstill.

During the year, the Government of Malaysia had announced a series of four assistance and economic stimulus packages, namely Perlindungan Ekonomi dan Rakyat Malaysia ("PERMAI"), Strategic Programme to Empower the People and Economy ("PEMERKASA"), Strategic Programme to Empower the People and Economy Plus ("PEMERKASA+") and National People's Well-Being and Economic Recovery Package ("PEMULIH"), totalling RM225 billion, with a fiscal injection of RM25 billion to assist the nation in weathering through the impacts of COVID-19.

Despite the Malaysian economy having contracted by 4.5% in the third quarter of 2021 following the Full Movement Control Order ("FMCO") which begun on 1 June 2021, the movement into Phase 2 of the National Recovery Plan ("NRP") has brought about an increase in business activities. With the easing of containment measures, economic activities resumed and the labour market recovered.

Overall, the global economy rebounded to an estimated 5.5% in 2021 after a 3.5% contraction in 2020. On the domestic front, the Department of Statistics Malaysia ("DOSM") reported Malaysia's economic performance in 2021 showed a recovery momentum with the growth of 3.1% as compared to a decline of 5.6% in 2020. The growth was backed by the rebounded fourth quarter 2021 performance, as economic activities resumed with the easing of containment measures coupled with the impressive vaccine rollout.

Following the FMCO, the Group's construction activities came to a standstill for almost two months. Toward the end of July, construction works were allowed to resume with strict adherence to the standard operating procedure ("SOP") outlined by the National Security Council and Ministry of Health.

Despite the temporary halt of construction in 2021 for our projects, the Group successfully delivered two projects, namely the Eco Horizon and the Beacon Executive Suites, with no late delivery liquidated damages.

The key focus in 2021 was in mitigating risks and operational issues brought on by the pandemic. In view of the prolonged pandemic, the Group had identified a new key area of expansion under the construction segment, namely public works and infrastructure.

In July 2021, our manufacturing plant which is located in the Bakar Arang Industrial Estate was placed under the Enhanced Movement Control Order ("EMCO") which resulted in a temporary halt in operations when our plant was forced to shut down for the entire month. We then resumed operations on 1 August 2021 with a reduced workforce in adherence to the SOP.

Currently, operations under the manufacturing segment has returned to normal. Despite the challenges, the Group still managed to thrive and has fulfilled all backlogged orders despite the global supply-chain disruption.

OUTLOOK FOR 2022

The IMF projects that the global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022. On the domestic front, Malaysia's GDP is projected to grow by 5.8% in 2022 compared to the 3.1% in 2021. As borders open up, domestic and external demand is expected to also recover.

According to Construction Global Market Report 2022, The global construction market is expected to grow from USD13,570.90 billion in 2021 to USD15,171.80 billion in 2022 at a compound annual growth rate ("CAGR") of 11.8%. In its Economic Outlook 2022 report, Malaysia's Ministry of Finance projected that the construction sector is set to turn around with a growth of 11.5% in 2022 following the continuation and acceleration of major infrastructure projects, such as Light Rail Transit Line 3 ("LRT3"), Mass Rail Transit Line 3 ("MRT3"), Johor-Singapore Rapid Transit System ("RTS"), as well as the Pan Borneo highways in Sabah and Sarawak.

On the manufacturing industry, raw material prices have been volatile and may continue to cause further uncertainties to both supply and demand markets. Economists expect shipping problems to linger well into 2022. The ongoing Russo-Ukrainian War has also begun affecting the entire global economy by slowing growth and jacking up inflation, and could fundamentally reshape the global economic order in the longer term.

As such, the Group remains cautious of our outlook for 2022 as lingering effects of the pandemic to the global and local economy remains. Having said that, CGB has in place expansion strategies to ensure business continuity and sustainability.

On our manufacturing sector, the new machines that have been ordered is expected to arrive and be installed within the year. With these, we are able to expand production capacity to cater to the growing demand from our domestic and overseas customers. At the same time, operations will be even more cost efficient and wastage is minimised.

As the recovery of the Malaysian construction industry will be led mainly by the infrastructure sector, CGB will be actively diversifying into the infrastructure sector under our construction segment. Through our acquisition of RYRT International Sdn. Bhd. ("RYRT International"), our Group is armed with an established and skilled team in the sector thus shortening our learning curve to operate and deliver infrastructure projects instantaneously.

We have also identified the renewable energy sector and the property development industry as our focused areas of growth in FYE2022. We look to explore opportunities for our Group to diversify into these sectors by working with key industry players.

In the meantime, the Group will continue to practice cautiousness in our supply chain management, cost monitoring and ensuring waste is kept to a minimum.

APPRECIATION

On behalf of the Board, I would like to welcome Mr. Chew Hian Tat as the Group Managing Director. The appointment has indeed further enhanced the Board's experience and diversity, increasing our ability to make better decisions in the Group's best interest. I would also like to extend my gratitude to my fellow Board members for their continued wisdom, guidance and support in navigating the challenging year in 2021.

To the authorities, our customers, vendors, advisors, stakeholders and our shareholders – a big thank you for your unwavering support and we look forward to a better relationship in the near future. I would like to express my gratitude to our Management Team and employees who have shown incredible support and pledge to the growth of the Group. All of you have played an important role in helping us move forward. I hope that you will continue to walk with us as we strive to grow together.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Stakeholders,

The financial year ended 31 December 2021 ("FY2021") continued to be a challenging year for our Group's operations. Malaysia was initially at the Recovery Movement Control Order ("RMCO") during the first quarter of 2021. In response to the rise in COVID-19 cases in Malaysia, the Government enforced the Conditional Movement Control Order ("CMCO"). In July 2021, our manufacturing plant which is located in the Bakar Arang Industrial Estate was placed under the Enhanced Movement Control Order ("EMCO") which resulted in a temporary halt in operations.

Financial Performance

For the financial year under review, our Group registered lower consolidated Loss Before Tax ("LBT") of RM3.73 million as compared to RM5.75 million registered in the previous year.

The Group's consolidated Loss After Tax was RM4.10 million as compared to last year's loss of RM5.52 million, lower by RM1.42 million largely attributed to the improvement in our Manufacturing Division's performance which recorded Profit After Tax of RM1.48 million as compared to last year's profit of RM0.03 million.

The consolidated revenue decreased by 9.06% to RM107.05 million from RM117.72 million recorded in the previous year largely due to lower contribution from our construction subsidiary, Proventus Bina Sdn. Bhd. ("PBSB"), which recorded a full year revenue of RM46.92 million, as compared to RM65.24 million in FY2020.

Our manufacturing operations' revenue increased to RM60.14 million from RM52.48 million in the prior year mainly attributable to increase in export sales which recorded a revenue of RM18.41 million compared to RM10.82 million in the previous year. The manufacturing operations' wholly-owned subsidiary in Singapore, CICS Distributors Pte. Ltd. ("CICS"), recorded an increase of 17.2% in revenue at RM6.62 million compared to the previous year's RM5.65 million.

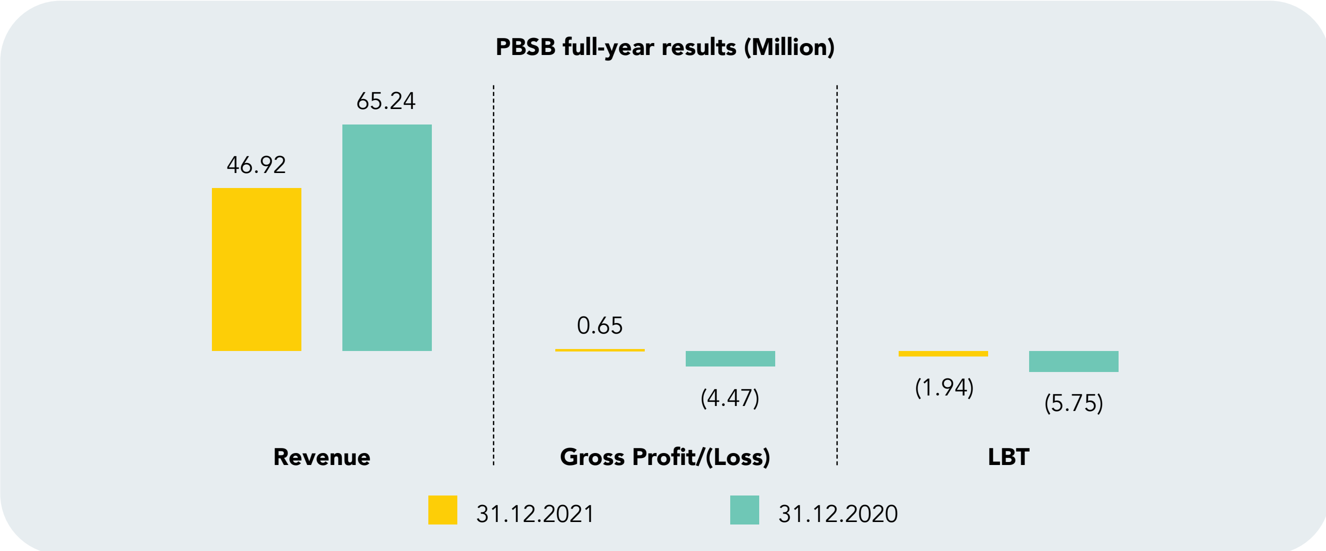
OPERATIONAL REVIEW

Construction

The Malaysian construction industry was severely affected by the pandemic in 2020 and 2021. Malaysian construction output in 2020 contracted by 19.4% year-on-year compared to 2019, representing a RM28.5 billion output reduction. Q3 of 2021 saw the construction output contracted by 21% year-on-year reversing from a record high of 42.6% growth in Q2 2021 mainly due to MCO3.0 imposed in June 2021.

In 2021, our key focus was placed on the mitigation of risks and operational issues brought on by the pandemic. Despite all the operational issues brought on by the pandemic, the wholly owned subsidiary, Proventus Bina Sdn. Bhd. ("PBSB") has successfully delivered 2 projects, namely the Eco Horizon and the Beacon Executive Suites, with no late delivery liquidated damages being imposed by our clients.

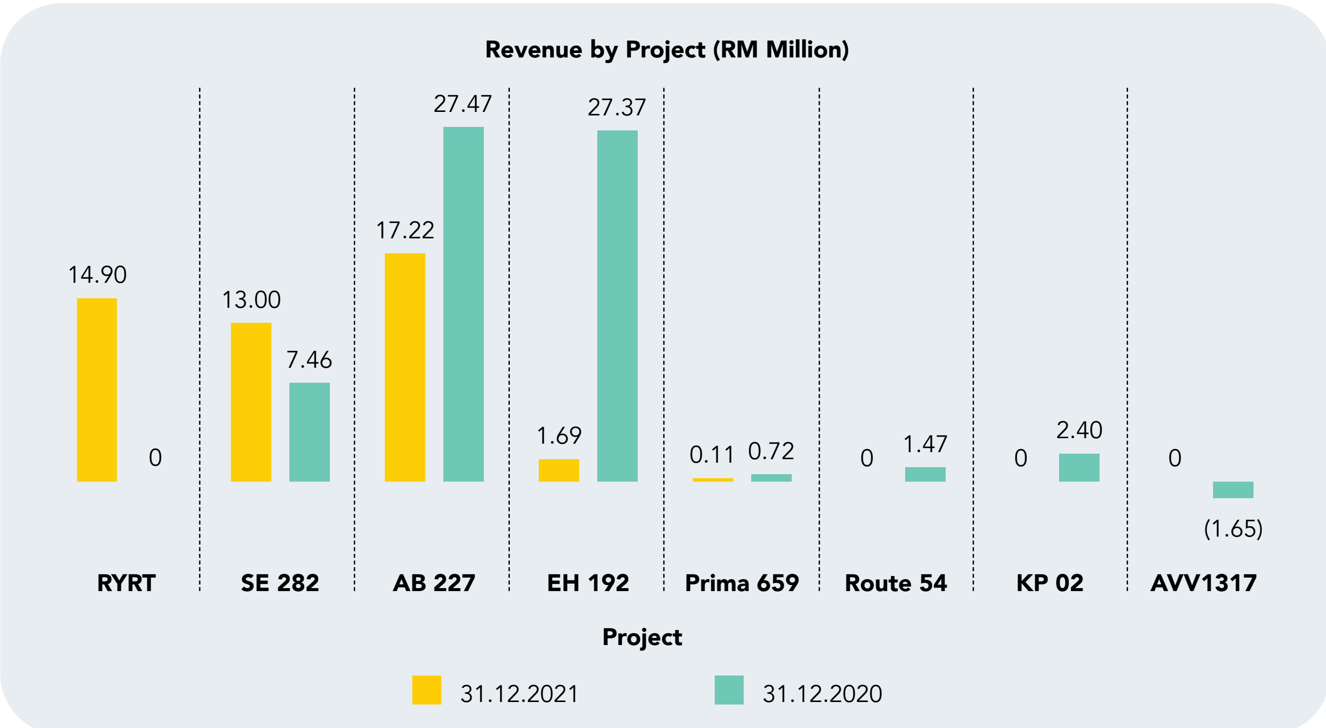
Review of financial performance – PBSB



For FY2021, PBSB recorded a revenue and LBT of RM46.92 million and RM1.94 million respectively for the financial year ended 31 December 2021, compared to RM65.24 million and RM5.75 million respectively recorded in the preceding financial year ended 31 December 2020. The reduction of revenue was due to the completion of Eco Horizon and Beacon Executive Suites projects in February 2021 and April 2021 respectively.

The reduction in loss before tax in FY2021 was accomplished with conscientious planning on cost mitigation with clients while adhering to new operating procedures during the pandemic. However, revenue derived from the commencement and on-going work of our newly secured project, the Lahad Datu Phase 1 Water Supply System project and the accelerated work progress on Montage project, was a positive contribution to our Group's topline and further reduces the losses for FY2021.

Construction Revenue by Projects 2020 - 2021



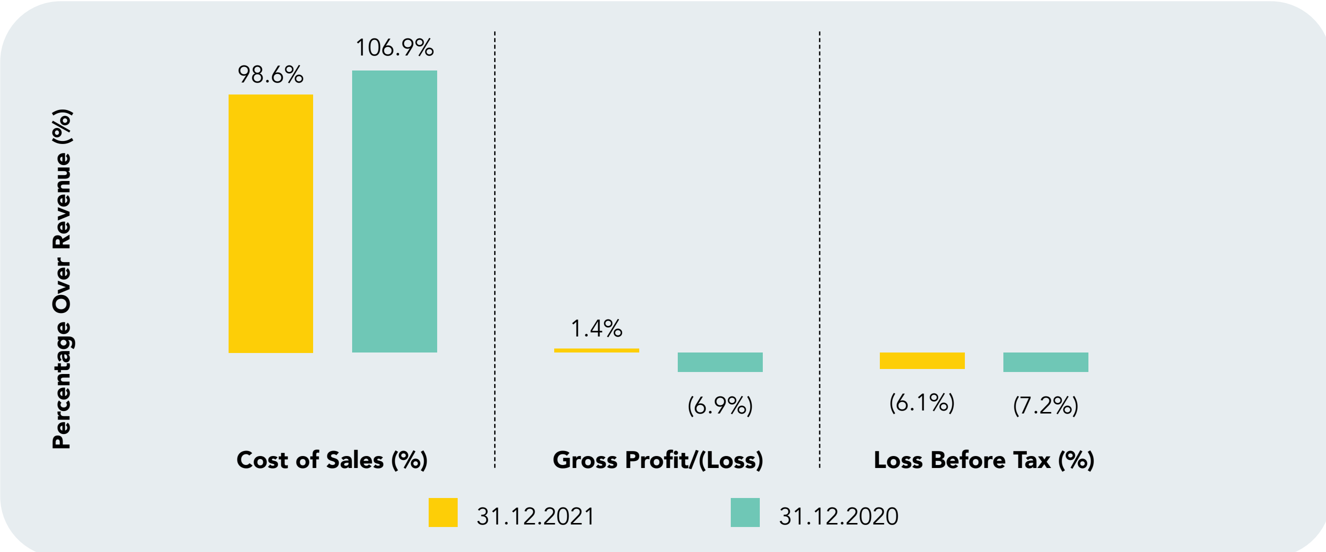
MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Construction Revenue by Projects 2020 - 2021 (Cont'd)

The revenue for 2021 is mainly contributed by the commencement and on-going progress of our newly secured project, the Lahad Datu Phase 1 Water System project, the accelerated work progress on Montage project and the successful completion of Beacon Executive Suites and Eco Horizon projects.

Despite the temporary halt of construction in 2021 for the Montage project due to various MCO compliances and disruptions, PBSB still managed to record a revenue of RM46.92 million in FY2021.

Cost of Sales, Gross Profit and Loss Before Tax Margin – Construction



Construction registered a gross profit margin of 1.4% in 2021 as compared to -6.9% in the preceeding year due to profit contribution from the Lahad Datu Phase 1 Water Supply System project and the successful reorganisation of internal resources which resulted in the reduction in the operation cost, thus achieving an improvement in the loss before tax in FY2021.

Construction Industry Outlook and Prospects for 2022

Although the pandemic is expected to weigh down the overall economy in 2022, the construction industry is expected to make a rebound from 2021 with a forecast of 11.5% growth in 2022. Civil engineering works stemming from infrastructure construction sector is expected to account for at least 33% of the industry's total output in 2022.

Malaysia's GDP growth in 2022 is expected to expand between 5.5% to 6.5% (2021: 3% to 4%), whilst the fiscal deficit is projected at 6% of GDP (2021: 6.5%). With the highest allocation thus far, the 2022 budget of RM332.1 billion has been earmarked for Operating Expenditure (70%), Development Expenditure (23%) and COVID-19 Fund (7%). In 2022, public investment will be supported by large-scale infrastructure projects whereas private investment will grow in tandem with the Government's focus in promoting high-impact industries.

Under the Budget 2022, RM75.6 billion has been allocated for development expenditure through implementing various projects in the transport, energy and public utilities, telecommunications, education and healthcare sectors. Sabah and Sarawak have been allocated RM5.2 billion and RM4.6 billion for development expenditure respectively under the Budget 2022.

The recovery of the Malaysian construction industry will be led mainly by the infrastructure sector. In efforts to leverage on this scenario, PBSB will be actively diversifying into the infrastructure sector. Through our acquisition of RYRT International Sdn Bhd ("RYRT International"), our Group is equipped with a strong construction team with years of accumulated experience in delivering infrastructure projects. Simultaneously, the acquisition of RYRT International has allowed PBSB to tap into the expertise, skills, and knowhows of an established team hence shortening our learning curve to operate and deliver infrastructure projects successfully .

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Construction Industry Outlook and Prospects for 2022 (Cont'd)

PBSB has also identified the renewable energy sector and the property development industry as areas of growth in FY2022. Working with experienced industry leaders, PBSB will explore opportunities for the Group to diversify into these sectors.

PBSB will continue to increase our order book in FY2022 on our core sector of residential construction by working with reputable property development partners. On 23 February 2022, PBSB secured and accepted three letters of awards from Jonah Bina Sdn Bhd for the construction and services works for residential projects in Pulau Pinang, with the total contract sum for these contracts valued at RM85.1 million. The projects are expected to be completed between 2022 and 2023.

Manufacturing Operations

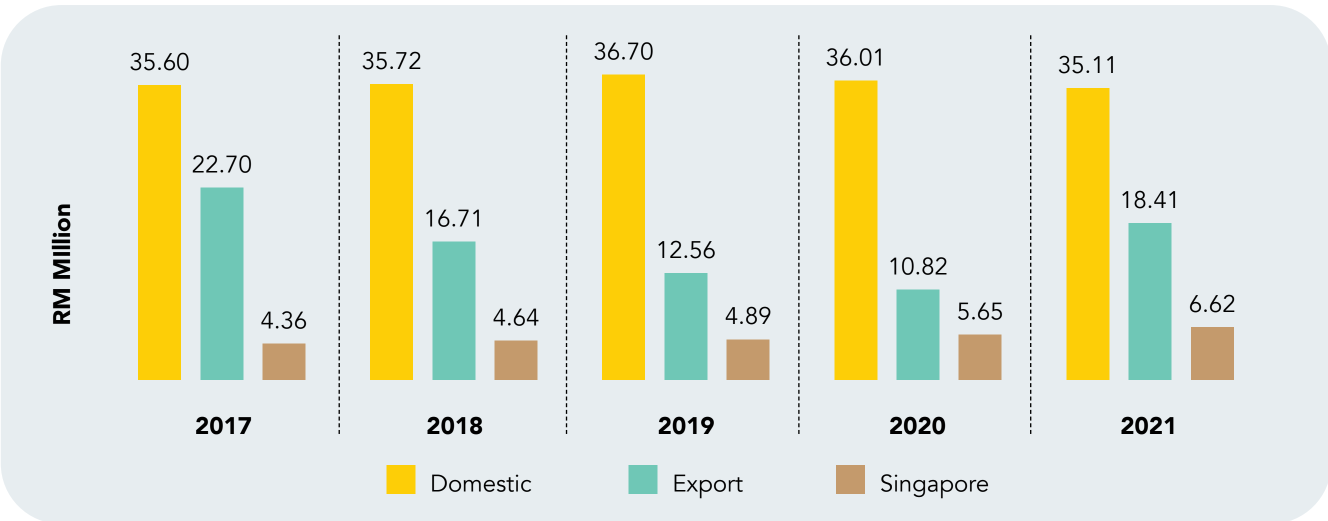
For the year under review, the challenges for our manufacturing operations are still defined by the market uncertainties brought on by the ongoing pandemic that began in 2020. Apart from that, the rise in logistic and material costs also emerged as the main concern in 2021 as prices increased on a quarterly basis. To mitigate this, we considered switching raw material suppliers to local suppliers or suppliers from the neighbouring countries for cost-saving purposes. In tandem, our commercial team continued to follow the market conditions closely, from time to time, for possible price adjustments.

Although the revenues for first-half of 2021 registered a significant increase compared to the same period in 2020, the momentum was disrupted by another lockdown, namely the Full Movement Control Order in the second half of 2021. Due to the rapid increase in COVID-19 cases, our plant was forced to shut down for the entire month of July. We resumed operations again on 1 August 2021 with a reduced workforce, at 60% capacity. Despite the challenges, the domestic market still managed to thrive with backlogged orders amounting to RM7.9 million despite the global supply-chain disruption. Export sales continue to benefit from the demise of a key manufacturer in Taiwan and the change in market structure to a more fragmented competition landscape which helped to improve demand from overseas customers.

Masking tapes continued to be our core competency, driving our domestic segment's revenue and gross profit expansion, leveraging our experience in producing tapes of high levels of quality consistency.

Amid the challenges posed by the pandemic, our manufacturing operation's revenue increased 14.6% to RM60.14 million compared to the previous year's corresponding period of RM52.48 million. Domestic sales decreased by 2.5% while export sales increased by 70.1% respectively year-on year. Our manufacturing operations managed to record PBT of RM1.86 million in 2021 mainly due to the increase in export sales and lower administrative expenses.

Revenue by Segment from 2017 to 2021 - Manufacturing



Revenue by Segment from 2017 to 2021 - Manufacturing (Cont'd)

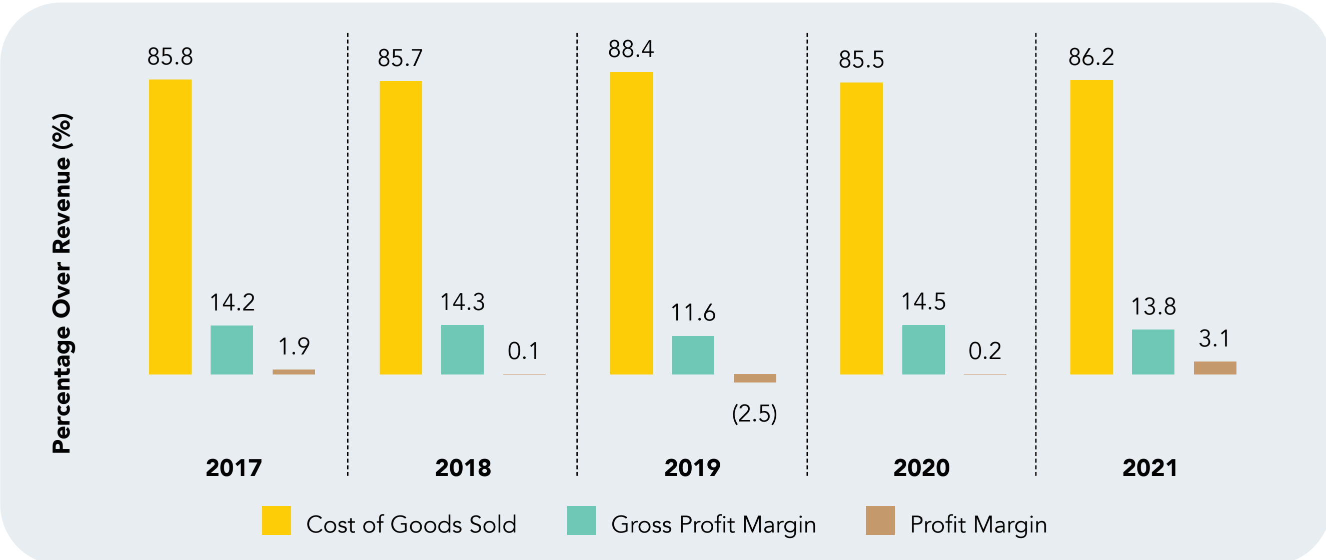
Our Group's manufactured products are sold in the domestic, export markets as well as through our overseas subsidiary in Singapore with the following segmental breakdown:

- Domestic sales decreased 2.5% in 2021 to RM35.11 million compared to RM36.01 million in 2020. The drop is mainly caused by label stocks where sales has reduced by 19.8% from the prior year. Domestic masking tapes sales has however, increased by 5.1% year-on-year due to due to a sudden rise in packaging material usage attribute from an increase in online shopping during the pandemic. An increase in the consumption of packaging material was anticipated but demand softened in the second half of 2021 due to the lockdown imposed by the authorities.

  Traded items' revenue declined marginally by 2.2% as compared against the prior year, consequently resulting in an unachieved targeted revenue. This was due to the supply chain disruption caused by unstable raw material prices which resulted in a delay in shipment and Out-of-Stock ("OOS") situation.

- Export sales increased 70.1% in 2021 to RM18.41 million compared to RM10.82 million in 2020. The increase is mainly attributable by the new opportunities/customers following the demise of a key manufacturer in Taiwan. Apart from that, the launch of M508 in automotive market, which taps into the low-cost segment, has produced more than 1 million M2 sales since its launch after Q2 2020.

- Revenue from the Singapore operations increased by 17.2% in 2021 to RM6.62 million compared to RM5.65 million in 2020. The increase is attributed to the higher tapes items, which has gone up by 28.1% due to increase in demand as some of the competitors were facing supply chain issue during COVID-19 period. As such, we managed to capture additional market share from another competitor brands.



Cost of Goods Sold, Gross Profit and Profit Margin – Manufacturing
Overall Gross Profit Margin decreased slightly by 0.7% to 13.8% in 2021 compared to the previous year's 14.5%. Profit margin has however, improved from 0.2% in 2020 to 3.1% in 2021 attributable mainly due to lower administrative expenses incurred during the year.

Plant Operations

a) Materials and processes continued to be effectively and efficiently managed with the advantageous facilitation brought about by the Enterprise Resource Planning ("ERP") system previously implemented. In addition, the barcode system for stock control was also implemented, starting with Work-in-Progress and the rest will be followed by stages.

Plant Operations (Cont'd)

b) KAIZEN and LEAN concepts continued to drive productivity and quality through positive participation and enhanced involvement via Employee Suggestion Programmes and Reward Schemes. Gemba Walk and "Morning Market" were employed for better shop-floor management by Managers and Supervisors.

c) The Environmental Performance Monitoring Committee ("EPMC") and Safety Committee Meeting consisting of representatives from all departments played a pivotal role in ensuring environmental control, plant safety and health and compliance. Fire Drill conducted by in-house Emergency Response Team ("ERT") was carried out to uphold employees' awareness towards fire hazards.

d) Enhanced focus on Training & Development ("T&D") to further expedite the acquisition of the latest knowledge, skills, and abilities required to continuously improve efficiency, effectiveness and productivity. Various online trainings sessions were conducted during the MCO period, including an awareness session on Corporate Liability Provision.

e) Implementation of strategic initiatives via various internal forums with Commercial Team to drive the business amid the constantly changing and evolving market conditions and in further enhancing productivity and profitability.

f) Cost Down projects are continuously executed via team efforts as part of the plant's strategy to reduce rejects and wastages, operational and material costs, in all aspects.

g) New Product Development ("NPD") and Innovation efforts play a vital role amid changing market trends while addressing increasing material costs. Various raw materials were replaced with alternatives at lower cost with the quality and specifications remain unchanged.

h) The Risk Management Working Group ("RMWG") continued to play the role of identifying and addressing potential risks facing by the operation and marketing teams, and ultimately ensuring business sustainability and continuity.

i) Great efforts being spent to prevent the spread of COVID-19 to employees and their families. Surgical-grade face masks were issued daily to all employees and all SOPs are strictly adhered. To expedite the attainment of herd immunity among the employees and the community, the Company participated in the immunisation program for employees within the manufacturing sector, initiated by Ministry of International Trade and Industry.

Outlook for Manufacturing

During the first half of 2022, with the anticipation on the post-pandemic recovery measures imposed by global leaders, we expect the revenue to remain identical in the first quarter and only start showing signs of recovery by the end of second quarter 2022, when the borders start to reopen. However, the instability of raw material cost as well as the unpredictable market condition still remain the main challenge for 2022. Although we foresee the current situation to be favourable, the numbers shall remain the same until the new tape coating machine is installed as current capacity has reached approximately 90% utilisation.

We remain cautiously optimistic toward the market recovery as WHO has predicted COVID-19 pandemic is coming to an end and more and more countries are abolishing their movement restriction measures and adopt policies which are in favour of economic recovery. However, the recent Russia- Ukraine conflict has exerted inflationary pressure on the economy following the increase in crude oil price which is hovering around USD 100 to USD 130 per barrel; this may put the economic recovery in jeopardy. Domino effects caused by the increased oil price may lead to weaker consumption, hence weaker economic activities on the horizon.

Moving forward, we are of the opinion that we should approach our business engagement with measured pace in tandem with the demand over time.

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

This Sustainability Statement published by Central Global Berhad ("CGB" or "the Group") for the financial year ended 31 December 2021. The Report covering the events that took place in 2021 was prepared in accordance with the Global Reporting Initiative Sustainability Standards Core option ("GRI Standards"). All financial amounts stated in the statement is denominated in Ringgit Malaysia ("RM") unless otherwise stated.

SUSTAINABILITY STATEMENT

CGB firmly believes that economic, social and governance ("ESG") and corporate governance are at the core of a sustainable business. We are committed to embedding sustainability in our business operations, culture and ensuring we practise sustainability at every business aspect of our level of operations.

In this report, we intend to provide our stakeholders with reliable ESG information in relation to our Group's business activities. Since this is our third Sustainability Report for the financial year ended ("FYE") 2021, we remain committed to accomplishing and executing our business strategy in line with the ESG targets as sustainability is a necessary and continuous commitment by the Group and its leadership.

SCOPE OF PERIOD

The scope of our Sustainability Statement covers the period from 1 January 2021 to 31 December 2021. The policies and strategies discussed throughout this Report are engaged by the Group unless otherwise specified.

WHO WE ARE

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

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

Central Global Berhad (CGB) is principally involved in manufacturing and construction.

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

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

Currently the Group has business in over 30 countries and has more than 110 business associates globally.

OUR REPORTING BOUNDARIES

The sustainability information contained in the Report covers the performance of the following Group assets unless otherwise indicated in the text of the Report.

Assets included in the Report boundaries

Segment	Subsidiary Concerned	Assets Being assessed
Manufacturing	Central Industrial Corporation Berhad	Manufacturing and sales of self-adhesive label stocks and tapes of its own brand and trading of other self-adhesive label stocks and tapes.

SUSTAINABILITY STATEMENT (Cont'd)

IDENTIFICATION OF MATERIAL TOPICS

We conducted a material assessment to select topics that mattered most to the business for inclusion in the Statement. The forms were sent out to the Group's employees, shareholders, customers, as well as governmental organisation and subsequently a list of material topics was compiled. The materiality assessment was performed in accordance with GRI Standards. When assessing whether a topic is material, two main criteria are used: the significance of economic, environmental, or social impacts and the influence on stakeholder assessments and decisions.

Category	Number	Topic
Economic	1	Economic Performance
	2	Anti-Corruption
	3	Procurement Impacts
	4	Capital Investment
	5	Privacy & Data Protection
Environment	6	Energy
	7	Water
	8	Emissions
	9	Effluents and Waste
	10	Environmental Compliance
Social	11	Employment
	12	Occupational Health and Safety
	13	Training and Education
	14	Diversity and Equal Opportunity
	15	Local Communities

In 2021, our Group drew a total of 15 material lists to be included in this report and for this year's reporting, we will use this as a basis as comparative data to compare against next year's environment data.

DATA PREPARATION METHODOLOGY

The calculation, collection, and consolidation of economic, environmental, and social indicators presented in the Report were carried out in accordance with GRI Standard reporting principles and requirements and on the basis of the current procedures are in place for collection and preparing of management information in the Group.

Financial information is presented in Ringgit Malaysia.

CONTACT INFORMATION

Our Group considers and carefully analyses feedback from stakeholders on the completeness, objectivity, and materiality information disclosed in its sustainability report, which helps improve our sustainability performance and non-financial reporting processes. We always welcome your suggestions about the report and our performance.

Please send any questions and suggestions to:

Mr. Kew Sy Leng
Group Financial Controller
Mobile : +6017 434 4088
E-mail : slkew@cicb.com.my

OUR SUSTAINABILITY APPROACH

CGB's Approach to Sustainability Governance

Our Group believes in upholding the principles and values of sustainable development and integrates them into its business processes. We believe that sustainable development is a crucial part of our operating success and is the foundation for creating value for our stakeholders. Our Group operates in four main areas of sustainable development as shown below.

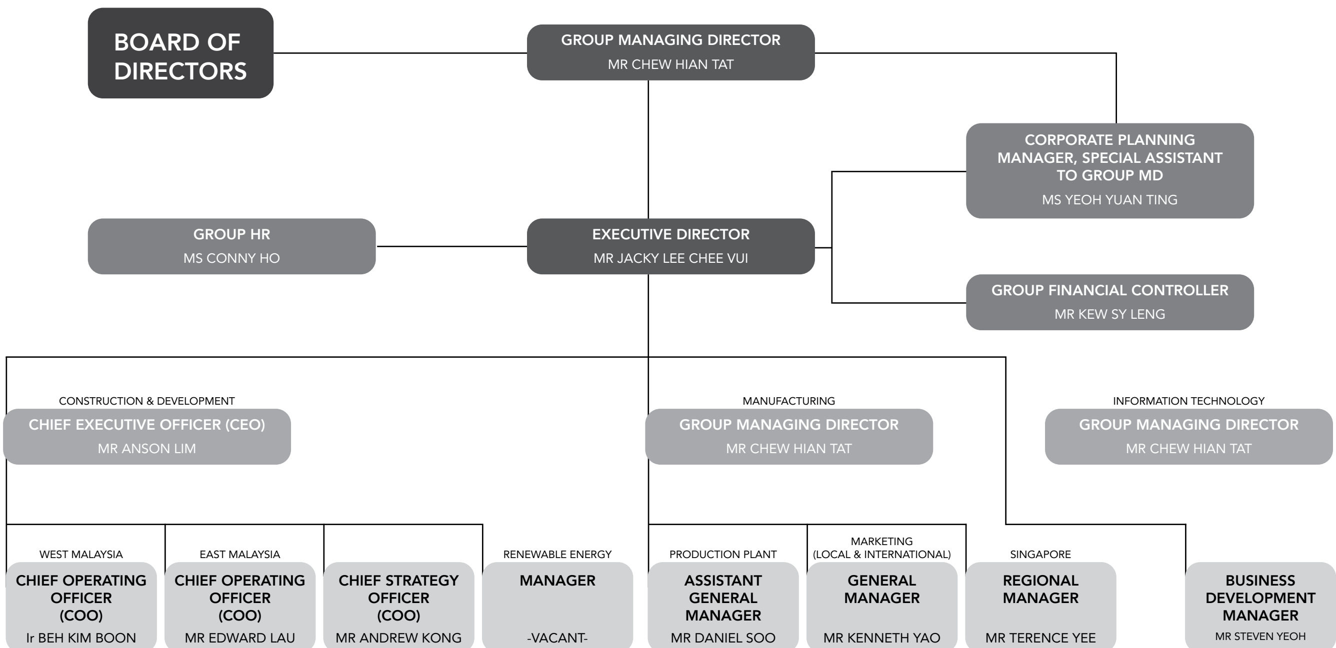
1. **Economic stability**
   - *The Group aims to create economic growth and long-term value for shareholders*
2. **Environmental protection**
   - *The Group seeks to minimise the environmental impacts due to our operations*
3. **Employee well-being**
   - *The Group strives to provide a conducive environment for our employees to work*
4. **Local community development**
   - *The Group focuses on creating economic prosperity by providing local employment and creating values to the local community*

CGB's Sustainability Structure

We work together with stakeholders to maintain an effective system of sustainable development. We endeavour to build and develop strong and transparent relations with all our stakeholders and we actively develop our stakeholder engagement mechanism and make efforts to develop new ones.

When implementing sustainable development activities, we follow the best international standard practises and fully comply with Bursa Malaysia Sustainability Reporting Guidelines.

Organisational Structure



Organisational Structure (Cont'd)

Sustainable development is managed at all business operating units of the Group. Our Company's Board of Directors and committees determine the general course for the Company's sustainable development, Senior Managers are accountable to the Senior Board Executives and their duties include goal-setting and performing specific tasks corresponding to their functions. The manager of each business segment will implement sustainability initiatives following their responsibilities.

Attaining Sustainable Development Goals

ETHICS & BUSINESS CONDUCT

Approach to Promoting Fair Business Practices

Our Group strives to meet the highest standards of ethical business conduct and we adopt an attitude of zero tolerance towards corruption and bribery. The Group takes strict measures to prevent and effectively deal with the consequences of misconduct when it occurs. The Group adopted its Anti-Bribery and Anti-Corruption in August 2020. The Group also constantly monitors breaches of unfair trade practises and norms of ethical and fair business conduct is to be strictly adhered to by all stakeholders. The details of the policies can be found in https://www.cgbgroup.com.my/corporate-governance.

- CGB Code of Conduct
- CGB Anti-Bribery and Corruption Policy
- CGB Whistleblowing Policy

Our Group communicates documents and policies to our stakeholders, including our employees and subsidiaries to fully comply with the provisions of documents at all times through various modes of communication, i.e., internal memo and emails.

Anti-Bribery & Corruption Policy

Our Group determines, evaluates, and manages corruption-related risk regularly. At the end of each financial year, our Board of Directors will analyse risks related to fraud and corruption. The Group will evaluate its business processes and focuses on those areas that are particularly prone to corruption risk, and carefully assesses existing controls and procedures in these areas. The Group will continue to review its policies annually. The main documents regulating anti-bribery and anti-corruption are:

- CGB Anti-Bribery and Corruption Policy; and
- CGB Whistleblowing Policy.

Raising Awareness of Ethical Business Conduct

Our Group believes that information is key to preventing misconduct; in particular, fraud, corruption and bribery. Therefore, the Group consistently informs stakeholders, including employees, business partners and other stakeholders about the principles of business conduct.

Our Group posts anti-bribery and anti-corruption policies and procedures on the company official website and makes the documents available for all stakeholders.

Our Group has a whistleblowing policy for stakeholders to raise their concerns and the policy is available on the company website. The Group has also informed all its business partners about ethical business conduct and all suppliers must be acquainted with the Group's corporate principles relating to CGB's Anti-Bribery and Corruption Policy.

ETHICS & BUSINESS CONDUCT (CONT'D)

Whistleblowing Reporting

Our Group encourages all stakeholders to report any suspicious activities through the Group's whistleblowing channels. For convenience, the stakeholder can raise their concerns through several whistleblowing channels as listed below:

Mr. Lee King Loon
Independent Non-Executive Director
Mobile : +6016 206 2233
E-mail : leekingloon@gmail.com

Mr. Kew Sy Leng
Group Financial Controller
Mobile : +6017 434 4088
E-mail : slkew@cicb.com.my

All reports received will be analysed by the Disclosure/Compliance Officer (or such other person who is assuming the same function) and further discussed with the Group Managing Director to decide on the next appropriate course of action.

Our Group would like to report there are no incidents of corruption and fraud received during the financial reporting year.

Communication Channels and Mechanisms

Our Group engages various communication channels to engage with our stakeholders to ensure that we encompass all stakeholders, initiate a two-way dialogue, and allow stakeholders to provide feedback.

For example, during the COVID-19 pandemic, the Group deploys the use of various internet technologies to improve communication with stakeholders. The table list both the means of communication channels internally and externally.

Internal Communication:
- Internal portal for employees
- Inter-personal engagement with employees

External Communication:
- Company official website (https://www.cgbgroup.com.my/home)
- Annual reports
- Media

STAKEHOLDERS' ENGAGEMENT

CGB is involved with various stakeholders because the main business activities conducted by the Group are in various residential & commercial property developments in various locations in Malaysia. Our engagement with our stakeholders is important to us because we strive to meet the needs of our stakeholders.

STAKEHOLDERS' ENGAGEMENT (CONT'D)

Figure 1 below depicts the relationship between our stakeholders and our engagement methods with them, as described above. CGB has put in place measures to respond to the diverse expectations and requirements of each stakeholder while facilitating good communication not only on a daily basis in business activities but also takes advantage of various other opportunities.

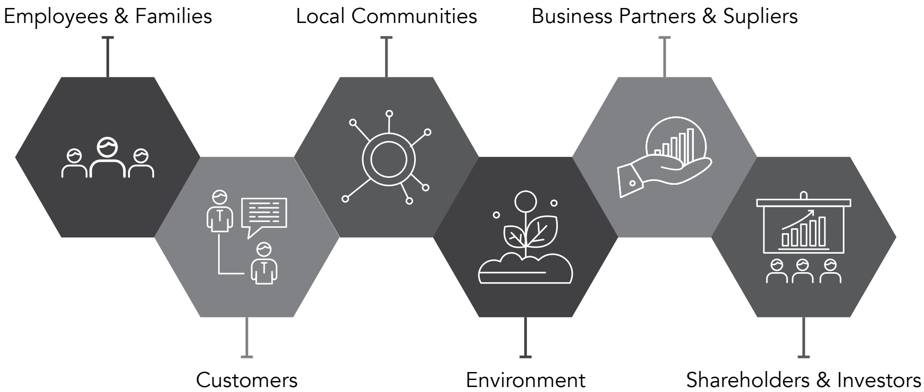


Figure 1 : Relationship between Stakeholders Engagement

Employees and Families

CGB believes in establishing and providing a healthy working environment where people can work safely. We respect human rights without any discrimination, equally and fairly evaluating personnel, and establishing educational systems able to drive and improve skills.

Customers' Engagement

We believe customers' engagement is extremely important. CGB conducts comprehensive efforts in ensuring we supply customers with quality products and ensuring our products are safe to use & our customers enjoy using our products.

We conduct an annual survey once a year to understand the needs of our customers as well as to gather information required to ensure we can meet today's challenges and to ensure we stay relevant despite the growing environmental concerns in our line of business. Given the pandemic, CGB has kept customers' engagement to the minimum and has not allowed any unnecessary physical visits to the respective outlets.

Local Community

CGB recognises the importance of the local community in business dealings and sustaining the local community through job creations.

Environment Engagement

As a socially responsible Company, CGB endeavours to procure from identifiable sources for its raw materials and as well as other trading materials. The description below depicts the engagement issues related to our environmental concerns.

Business Partners'/Suppliers' Engagement

We source from credible suppliers who have the necessary industrial knowledge on their products (e.g., raw materials, semi-ready products etc), as we expect advice and guidance. It is our aim to work with suppliers who share our passion to ensure we provide values to our clients and at the same time, be responsible to a sustainable business landscape.

These efforts strengthen our foundation of business by promoting sustainable sourcing of our raw materials. Suppliers who we worked with are also socially responsible that they take care of their workers well. We also actively encourage our existing suppliers and business partners to adopt sustainable business practices to ultimately reduce any negative impacts we may have on the environment and society-at-large.

STAKEHOLDERS' ENGAGEMENT (CONT'D)

Shareholders and Investors

In recent years, institutional investors have shifted the way to evaluate a company. One emphasis from this perspective of evaluation is engagement. The dialogue between companies and their shareholders as well as investors is growing in terms of strategies and efforts to improve corporate value. Trends to promote even broader engagement are growing after the recent amendments for companies to comply with Sustainability Statements.

CGB group places great importance on engagement from the perspectives of properly assessing the corporate value and earning trust from the market. The Group discloses a wide range of information, including non-financial information, in a timely and transparent manner to facilitate understanding among stakeholders of our management policies and business strategies, while regularly feedback the opinions and requirements of investors who are a vital stakeholder into operations to put in place measures toward sustainable growth.

Cooperation with our stakeholders and the creation of value for them is a significant part of achieving our strategic goals. Our overall key priorities are driven by market conditions and sound business fundamentals. Thus, we focus on several groups of stakeholders identified 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 repetition of mistakes • Product prices and values	• Quality management system • Competitively pricing strategy • Quality assurance and reunion program
Employees	Frequency: Regular, ongoing Type: Knowledge sharing sessions, Internal customer engagement programme, Internal customer satisfaction survey, Innovation Accelerator Programme	• Well-being of the company 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, 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: Annual, quarterly Type: Annual general meeting, quarterly results announcement, press conference, targeted briefing, meetings	• Legal compliance • Financial performance at 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, product launches	• Payment • Terms of reference (TOR) • Appraisal • Human rights	• Standard Operating Procedure ("SOP") • Proper SOP for monitoring and tracking

STAKEHOLDERS' ENGAGEMENT (CONT'D)

Shareholders and Investors (Cont'd)

Stakeholder group	Frequency and type of engagement	Topics of concern	How we manage the issue
General public	Frequency: Ad hoc Type: Dialogue, meetings, engagement	• Environmental impact to communities	• Engage with experts and explain via reporting, environmental conservation activities (e.g., tree planting)
Governments and regulators	Frequency: Ad hoc Type: Meetings, pre-consult submission, periodical monitoring reporting	• Customer rights • Compliance	• Responsible reporting and marketing communications • Monitoring of compliance (e.g., legal checklist)

ENVIRONMENT ASSESSMENT

Environment Management

As one of Malaysia's leading property developers with proven track records, the Group recognises that continuous growth in its new property developments could create significant environmental challenges and obligations. To manage business operations responsibly, the Group has ensured all our development comply fully with the environmental impact assessments. The Group's medium and long-term goals are to reduce the potential negative effects of our site planning and development in order to provide a safe environment in all our projects and significantly reduce any negative impact to the environment, as a result of our development activities.

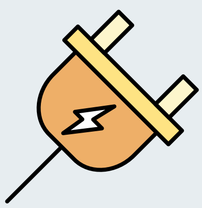
We strive to comply with all applicable environmental regulations and to meet the expectations of our stakeholders.

Electricity and Water Process (manufacturing only)

In the course of running the business, we used almost 245,561 kWh of electricity, 41,792 m^3 of water & 17,010 litres of diesel, contributed almost 370.3 tonnes CO2 during the FYE 2021. This amount is equivalent to almost 9,497 trees to be planted in order to absorb the amount of CO2 generated.

The Group needs to be mindful and devise a method to control the usage of our precious resources. We need to be sustainably responsible in carrying out our business activities in developing environmentally safe homes for our clients.

Electricity Usage

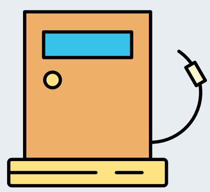


CO^2 Emissions : 2080212.256 $KgCo^2$

Water Usage

CO^2 Emissions : 175108.48 $KgCo^2$

Transport Usage



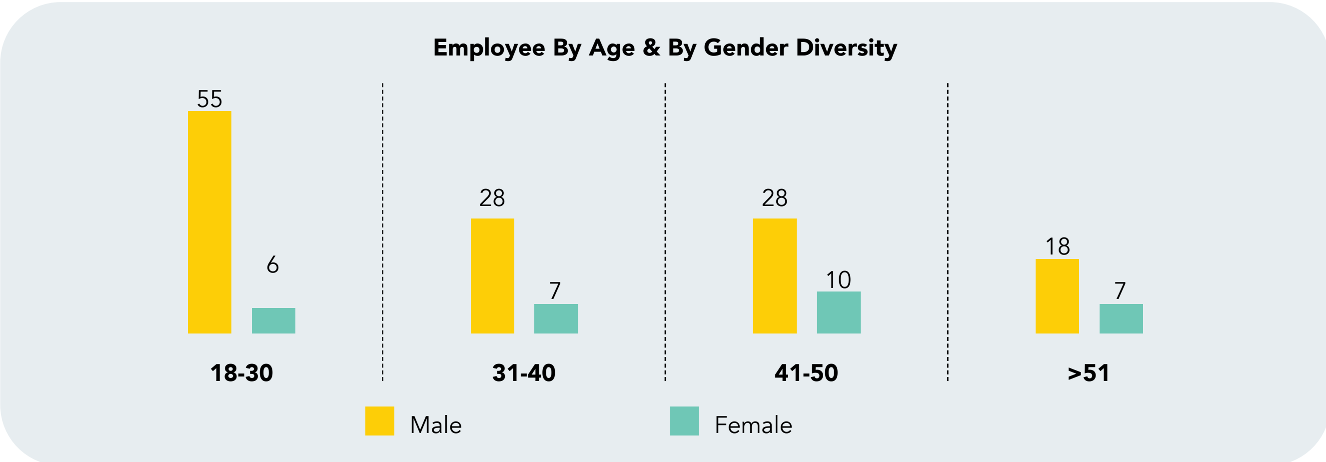
CO^2 Emissions : 24817.42 $KgCo^2$

DEVELOPING OUR EMPLOYEES

Our Group places the utmost importance on its employees' welfare and always encourages the employees to adapt and improve according to the business environment and needs.

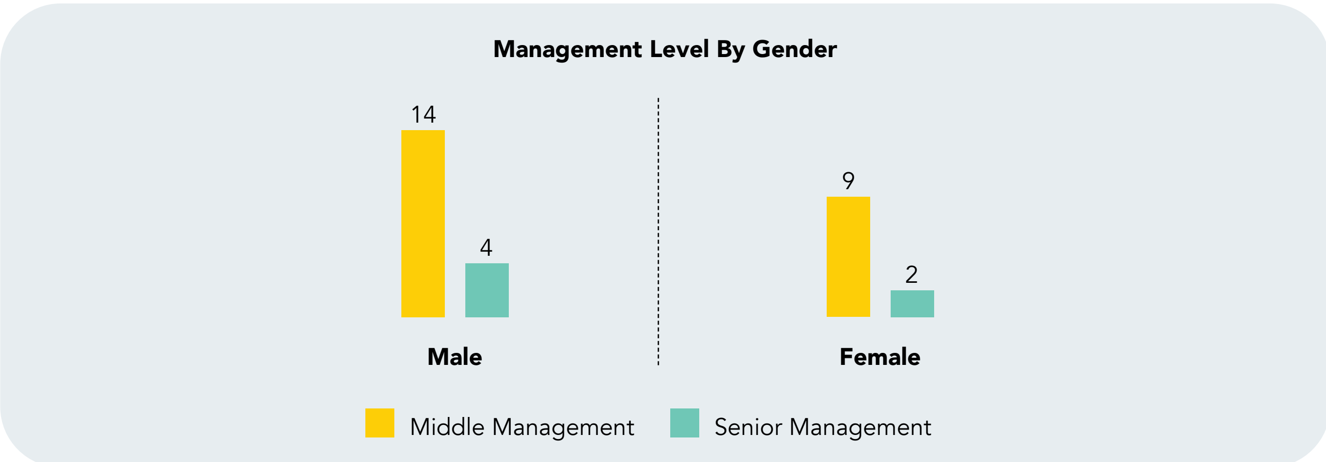
For this reason, we work continuously on ensuring the effectiveness of our personnel management practices, including those relating to employee recruitment, retention, training and development, performance management, strengthening employee engagement and developing internal social programmes. In addition, we take all possible measures to ensure respect and to provide equal rights and opportunities to all our employees.

Workforce Structure



The workforce headcount as of 31 December 2021 is 159, compared to beginning of the year, the headcount rose by 0.7%. The headcount growth in the company is minimum. Headcount calculation is based on manufacturing plant only.

81% of the workforce is male and the balance is female. Of the total workforce, more than half at 60% are aged 40 and below. This may give the company plenty of rooms to grows in terms of career advancement and mentoring purposes.



There is still room for growth for the middle management to be groomed into senior management, as the senior management team can provide guidance and mentoring. This will be a good platform for the Group to plan for succession planning to ensure the continuity of the growth and direction of the Group.

DEVELOPING OUR EMPLOYEES (CONT'D)

Recruitment and Adaptation

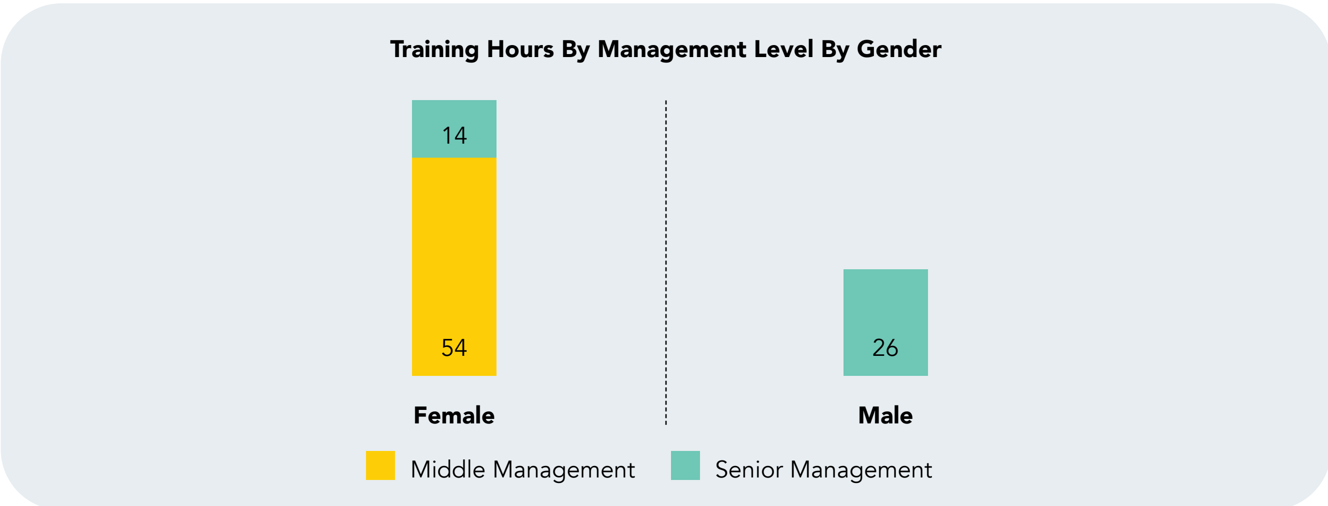
Our Group plays a pivotal role in ensuring that all its employees are fully equipped with the necessary knowledge to adapt successfully in the company. The Group wants to optimise and realise the employees' full potentials as early as possible.

Recruitment

As part of the Group's continuous development in 2022, the Group focuses on improvement in attracting new talents to meet the growing demand for local talents in the marketing of properties in the property industry.

Learning and Development

We believe instilling discipline, constant character building and enhancing employee knowledge are an essential part of a company's success. For the year under review, the Group curtailed learning and development programs which were conducted by way of public workshops due to the pandemic to protect the health of our employees. Moving forward, we will explore other alternative options for our employees to upskill and reskill themselves, via online learning and training platforms or on-the-job training.



The Group shall continue to organise more workshops & training to help the employees to keep abreast with latest trend in the manufacturing & construction industry.

In building a strong workforce, we are committed to provide an environment for our employees to enhance their skills and knowledge within the industry. This will benefit not only the personal growth and development of our employees but also the company's growth as a whole.

Training is also very important to ensure that our employees have the required competencies to perform their work and deliver their best output. We therefore encourage our employees to expand their knowledge and to foster personal growth and development by taking on new roles and responsibilities.

MOTIVATION & ENGAGEMENT

As part of our motivation and engagement policy, the Group recognise effective employee engagement in the form of financial and non-financial as well as conducive working conditions to drive improvement of our operational efficiency. This will enable our Group to achieve higher growth and allow us to create value for the local communities.

MOTIVATION & ENGAGEMENT (CONT'D)

Financial Motivation (Cont'd)

Our Group endeavors to make its remuneration system transparent and equitable for all its employees. Currently, the company's pay scale system is constantly updated but will further improve its remuneration system to meet today's expectation to ensure its relevancy and attractiveness. The new salary remuneration system will cover both fixed, contractual, intern and part-time employees across the organisation, when available.

Our Group's bonus system is based on its extensive evaluation methodology and bonus are at the discretion of the management. Our Group will continue to evaluate best practices in drafting the framework for the remuneration system.

Non-Financial Motivation

As a socially responsible company, our Group offers employees a broad non-financial compensation package that complies with employment acts and forms part of the total remuneration. Our employees received statutory pension contribution (EPF), medical benefits and allowances entitlement under the Employment Act of 1955. The Group provides annual leave, sick leave, compassionate leave, maternity and paternity leave and marriage leave. The Group also provides group personal accident and hospitalisation insurance to all employees.

Awards and Recognition

The Group takes pride in recognising individual members of the Group who have performed in an outstanding manner often by being a shining example for other to model.

Some of the recognition programs which have been carried out last year include:

1. Perfect Attendance Award (for Manufacturing plant)
   For employees who have not used any accrued sick leave during the past five years.

2. Service award and Farewell to Long serving workers
   For the workers who have served the Group deligently, as a motivation to their other colleagues.

3. Suggestion Scheme Voucher Presentation (for Manufacturing plant)
   To encourage employees to provide practical suggestions to improve safety, save costs, or simply increase productivity or efficiency.

Social and Labour Conditions

Our employees' well-being is our number one priority. Thus, we believe it is essential to provide them with comfortable working and living conditions. At the onset of the COVID-19 pandemic, our Group took several initiatives to address employees concerns about their well-being. The Group has initiated the following COVID-19 measures to minimise business interruption during the COVID-19 pandemic.

- √ Limiting business related and personal travels.
- √ Declaration of overseas travels
- √ Educating workers on Good Hygiene Practices.
- √ Quarantine period of up to 14 days applies to all staff who have recently tested positive on COVID-19, or as per current guidelines from the Health Authority and the Government.
- √ Providing hand sanitiser, gloves & facemasks, RTK test-kit for every department.
- √ Frequently cleaning and sanitising high-contact surfaces

Further information of the COVID-19 Precautionary Initiatives for CGB can be found in the "Corporate Governance' section of https://www.cgbgroup.com.my/corporate-governance.

MOTIVATION & ENGAGEMENT (CONT'D)

Vaccination Program

The Group organised a COVID-19 vaccination program for all staff from the manufacturing plant at one of the member companies of FMM (Federation of Malaysian Manufacturers). The vaccination included 2 doses of vaccines for staff. This is a responsibility of our Group to ensure the welfare of our workforce is taken care of. This vaccination program is part of PIKAS (Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta).

Plant Sanitisation Program

The Group has also engaged professionals to sanitise the manufacturing premises, from the office areas to the manufacturing section to ensure minimum risks to the office and plant workers who came to work during the pandemic.

Human Rights

Our Group is aware of the significance of respecting human rights. The Group advocates for human rights by cultivating respect amongst each other within the work place, while at the same time rectifying any human rights violation as well as ensuring diversity of our personnel.

Our human rights approach extends to all of our business partners and suppliers. For the year under review, we did not conduct any due diligence assessment on our suppliers before engaging them which we aim to rectify in the next financial year. All types of modern slavery, including child labour, harassment, forced labour, inhumane & unsafe working conditions, and human trafficking are violations of human rights and are strictly prohibited, both within the Group and on the part of our suppliers. The Group will continue to do its due diligence on its suppliers to ensure that they are strictly complying with the relevant act on matters pertaining to human trafficking.

Our Group is committed to adopting the Children and Young Person Act (Employment) 1966, Malaysia. The Group does not employ anyone under the age of 18 years old due to the environment and the nature of business.

SUSTAINABILITY STATEMENT (Cont'd)

WORKPLACE

CGB practices fair employment practices and has adopted the following practices as listed below.

Fair Employment Practices

In addition to developing a healthy and safe workplace, we strive to provide our employees a diverse and inclusive working environment where their human rights are respected. In upholding the human rights of our employees and to prevent human rights violations, we have put in place policies and procedures to ensure a healthy, safe and secure workplace.

The following are the key policies and measures enshrined in our Code of Ethics (dos and don'ts) policy statement as well as our employee handbook.

a. Equal Employment Opportunity

In the appointment and recruitment process of CGB, we pride ourselves in being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, creed, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment for all the employees.

b. Workforce Diversity

We believe in keeping one of our key stakeholders, i.e., our employees engaged with the aim to bring forth their full potential and enabling a satisfying career for each of them. At the same time, we are inclusive and mindful to encourage balanced participation of female employees in our business. We continue to promote and attract talents from the local community or within the same state which we operate in. We are proud to contribute to the local economies by creating employment in the communities in which we operate, majority of our office staff coming from the local communities.

c. Adherence to Minimum Wages

We observe the Minimum Wages Order 2012 and its subsequent amendments as and when announced by the government.

d. Prohibition of Harassment

We are committed to provide a working environment which is conducive, safe and free of any form of harassment and unlawful discrimination. The Group views sexual harassment as a serious violation of our rules and regulations and work values. To prevent discrimination, we have a sexual harassment policy and a grievance procedure available to all and we ensure that employees are briefed about these.

During the reporting period, there were no recorded instances of discrimination. Any employee found guilty of such misconduct will be subject to disciplinary actions that may include dismissal.

e. Prevention of Child Labour

We observe Children and Young Persons (Employment) (Amendment) Act 2010. We employ only those 18 years and above in our recruitment exercise. This is in line with the policies of the international labour organisation.

f. Employees' Benefits and Compensation

We value the contributions of our diverse employees and continuously attract talents to join us by providing a supportive working environment as well as development opportunities. We provide an integrated welfare system and treat all employees equally on all of our sites.

The Group complies with the various local statutory requirements and regulations on wages and benefits such as minimum wage order, employees' provident fund and social security contributions.

Other employee welfare bonuses include travel allowance, subsidies for hospitalisation and surgical insurance coverage and group personnel accident insurance, communications expenses, uniform and personal protective appliances, application of residence permits for current employees, staff compensation leave, festive gifts and events. This is to express our Group's commitment for optimal work-life integration and personal effectiveness.

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 standards of sustainable development and actively engaging with local communities. The Group does not have a formal approach to engage with local communities but our Group has been supporting various educational and social-economic programs for university students over the years.

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

Our Group has been a strong pillar for local community over the years. The Group hires primarily from the local community which allows us to improve the quality of life of the community.

LEGAL DISCLAIMER

This Sustainability Statement contains forward-looking statements concerning the financial condition, results of operations and businesses of the Group. All statements other than statements of historical fact are, or may be deemed to be forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include statements typically containing words such as "will", "may", "should", "believe", "intends", "expects", "anticipates", "targets", "estimates" and words of similar import.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will occur in future. They are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which it will operate in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including a number of factors outside the Group's control. These include changes in the political, social and regulatory framework in which the Group will operate or in economic, technological trends or conditions; the success of the business and operating initiatives; the actions of regulators; legislative, fiscal and regulatory developments, including regulatory measures addressing climate change; the behaviour of other market participants; competitive product and pricing pressures; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations; changes in the level of capital investment; the impact of any acquisitions, disposals or similar transactions; the outcome of any litigation; the risk of doing business in countries subject to international sanctions; environmental and physical risks; risks associated with the impact of pandemics. Other unknown or unpredictable factors could cause actual results and developments to differ materially from those in forward-looking statements.

Neither the Group nor any of its subsidiaries, provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Report will occur. Neither the Group nor any of its subsidiaries, undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. Each forward-looking statement speaks only as of the date of this report, i.e., 15 April 2022.

In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this report. No materials contained in this Report constitute an offer, solicitation or recommendation to purchase or sell securities, or make investments. Readers should not place undue reliance on forward-looking statements.

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 2021.

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

Chairman	:	Mr. Lee King Loon Independent Non-Executive Director
Members:	:	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

No former audit partner of the Company's external auditors shall be appointed to the Committee unless he 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 number 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 is not a member of MIA

    a. he 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 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 working experience; or

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

The members of the Committee shall elect a Chairman from amongst their number 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.

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 with the majority of members present being 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.

TERMS OF REFERENCE (CONT'D)

Notice of Meeting and Attendance (Cont'd)

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 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.

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;

TERMS OF REFERENCE (CONT'D)

Duties (Cont'd)

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

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.

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 four (4) Audit and Risk Management Committee meetings held during the financial year ended 31 December 2021. 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 (Appointed on 26 February 2021)	3/3
YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah (Appointed on 24 June 2021)	1/2
Mr. Lee Swee Meng (Appointed on 19 November 2021)	1/1
Encik Sahari Bin Ahmad (Appointed on 29 December 2021)	N/A

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 function 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 Consuting Sdn. Bhd. ("RSM"), an independent professional firm as the Internal Auditors for the financial year ended 31 December 2021.

During the financial year, RSM carried out a total of three (3) audit and two (2) 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 2021, the total cost incurred for the internal audit function was RM34,331.

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 and 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;

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;

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):

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 Bord 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 15 April 2022 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 15 April 2022 and is published on the Group's website at www.cgbgroup.com.my.

Anti-Bribery and Corruption Policy

The Company does not endorse to 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 train our staff on the Anti-Bribery and Corruption Policy. The Company has adopted this policy in the current financial year and published on the Group's website at www.cgbgroup.com.my.

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 25 to 38 of this Annual Report.

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

I. BOARD RESPONSIBILITIES (Cont'd)

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 in accordance with the provisions of the Companies Act 2016.

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

The 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 15 April 2022 and is published on the Company's website at www.cgbgroup.com.my.

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 twelfth (12) year tenure limit for Independent Directors.

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

I. BOARD RESPONSIBILITIES (Cont'd)

REINFORCE INDEPENDENCE (Cont'd)

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, 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, 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 fulfill 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.

FOSTER COMMITMENT

Time Commitment and Expectations

During the financial year ended 31 December 2021, the Board met on five (5) 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 (Appointed on 26 February 2021)	4/4
Mr. Chew Hian Tat (Appointed on 1 November 2021)	1/1
Mr. Lee Chee Vui (Appointed on 1 April 2022)*	N/A
Mr. Lee King Loon (Appointed on 26 February 2021)	4/4
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah (Appointed on 24 June 2021)	2/3

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

I. BOARD RESPONSIBILITIES (Cont'd)

FOSTER COMMITMENT (Cont'd)

Time Commitment and Expectations (Cont'd)

Name of Directors	Attendance
Mr. Lee Swee Meng (Appointed on 19 November 2021)	1/1
Encik Sahari bin Ahmad (Appointed on 29 December 2021)	N/A

* *Appointed after financial year ended 31 December 2021.*

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

All Directors are furnished with an 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 individuals of sufficient calibre, 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.

During the financial year, save for Mr. Chew Hian Tat who was appointed on 1 November 2021, Mr. Lee Swee Meng who was appointed on 19 November 2021, Encik Sahari bin Ahmad who was appointed 29 December 2021, Mr. Lee Chee Vui who was appointed on 1 April 2022 and Dato' Faisal Zelman bin Datuk Abdul Malik who was unavailable to attend due to his tight business schedule.

Details of trainings attended by the Directors during the financial year ended 31 December 2021 are as detailed below:-

Director Name	Date	Training Program
Mr. Lee King Loon	26 April 2021	Rethinking Business Sustainability During Pandemic
Mr. Lee King Loon	16 June 2021	Sustainability and Responsible Investment (SRI 2021) Conference
Mr. Lee King Loon	29 July 2021	Financial Crime and Market Misconduct Post COVID-19 and Beyond
Mr. Lee King Loon	6 December 2021	AOB Conversation with Audit Committees
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah	11 - 13 October 2021	Mandatory Accreditation Programme (MAP)

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 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 55 to 58 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's terms of reference as detailed on pages 39 to 42 of 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 42 of this Annual Report.

Assessment of External Auditors

Currently, the Group does not have any policy to review procedures for appointment and assessing the independence of auditors. During the financial year, an assessment was carried out to evaluate the performance 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.

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:	:	YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah Independent Non-Executive Director
		Mr. Lee King Loon 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 proposing its recommendation, the Committee will consider and evaluate the candidates' required mix of 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, time commitment and its creditability are also taken into consideration.

The Committee will get the resources from various channels, be it from the Management or from the contacts and references from the Committee. After the merit evaluation and assessment, the Committee will recommend to the Board for the ultimate decision on the appointment of Board member.

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 but the Committee will from time to time review the suitability and competency of women candidates to the Board. 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.

In the absence of formal procedure, a Director accepting new directorship will notify the Board ahead of his 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.

STATEMENT OF CORPORATE GOVERNANCE (Cont'd)

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

II. BOARD COMPOSITION (Cont'd)

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.

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:	:	YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah Independent Non-Executive Director
		Mr. Lee King Loon 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.

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 entitled for Directors' fees while Independent Directors will receive 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.

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 2021, are as follows:-

	Group and 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*	35,467	45,000	228,485	-	32,818	6,000	347,770
Independent Non-Executive Director							
Lee King Loon *(Appointed on 26.02.2021)*	30,353	-	-	-	-	6,500	36,853
Andrew Chong Shuh Ren *(Resigned on 05.03.2021)*	6,214	-	-	-	-	2,000	8,214
Dato' Tan Yee Boon *(Retired on 22.06.2021)*	17,186	-	-	-	-	6,000	23,186
Ng Seng Bee (Resigned on 23.06.2021)	17,285	-	-	-	-	6,000	23,285
YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah *(Appointed on 24.06.2021)*	18,690	-	-	-	-	2,500	21,190
Shaharuddin bin Abdullah *(Appointed on 24.06.2021 and resigned on 22.12.2021)*	17,778	-	-	-	-	1,500	19,278
Lee Swee Meng *(Appointed on 19.11.2021)*	4,241	-	-	-	-	-	4,241
Sahari bin Ahmad *(Appointed on 29.12.2021)*	296	-	-	-	-	-	296
Lee Chee Vui *(Appointed on 01.04.2022)*	-	-	-	-	-	-	-
Non-Independent Non-Executive Director							
Dr. Uzir bin Abdul Malik *(Resigned on 26.02.2021)*	-	-	-	-	-	1,500	1,500
Phang Kwai Sang *(Resigned on 26.02.2021)*	-	-	-	-	-	2,750	2,750
Group Managing Director							
Chew Hian Tat^	1,671	-	50,000	-	6,000	-	57,671
Executive Director							
Chuah Guan Leong *(Resigned on 10.03.2021)*	6,707	-	27,484	-	3,335	1,000	38,526
Tan Yeang Tze (Tobby) *(Appointed on 26.02.2021 and resigned on 10.03.2022)*	23,853	45,000	232,464	-	33,296	4,000	338,613
Total	**179,741**	**90,000**	**538,433**	**-**	**75,449**	**39,750**	**923,373**

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 2021, are as follows:-

* *Dato' Faisal Zelman bin Datuk Abdul Malik was re-designated from Executive Chairman to Non-Independent Non-Executive Chairman on 2 December 2021.*

^ *Chew Hian Tat was appointed as Managing Director on 1 November 2021 and on 26 November 2021 was re-designated to Group Managing Director.*

Range of remuneration	Number of Senior Management Staff
RM100,001 – RM150,000	**2**
RM150,001 – RM200,000	**3**
RM200,001 – RM250,000	**1**
RM250,001 – RM300,000	**1**

The Board chooses 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.

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 quarterly 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.

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 avail 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.

The Board embraced technology advancement by holding virtual shareholders meeting whereby all shareholders throughout the nationwide can participate and vote at the meetings via remote polling facilities.

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

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 where everyone shall have one vote. 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 fully virtual Second Annual General Meeting ("2nd AGM") which was held entirely through live streaming via a remote participation and voting facilities on Tuesday, 22 June 2021 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 2nd AGM via video conferencing 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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

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' Main Market Listing Requirements 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 Central Industrial Corporation Berhad ("CICB") and Proventus Bina Sdn Bhd ("PBSB") to identify risk profiles of all departments within the operations and also reviewing the areas that require further improvement. The RMWG consists of the Executive Director for CICB and Chief Executive Officer for PBSB as the chairman and the Heads 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.

CICB's RMWG held 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 quarterly or as and when deemed necessary. No meeting was conducted by PBSB during the year mainly due to change of key personnel.

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.

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.

RISK MANAGEMENT (CONT'D)

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 during the financial year to prevent, detect and respond to bribery and corruption risks.

INTERNAL AUDIT

During the financial year, 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 2021.

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 2021, a summary of activities carried out by the outsourced Internal Auditors for the Group include:

- Three (3) audits on:
  - Procurement Management (CICB)
  - Procurement Management (PBSB)
  - Finance Management (PBSB)

- Two (2) follow-up reviews on:
  - Procurement Management (CICB)
  - Procurement Management (PBSB)

- 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.

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.

INTERNAL CONTROL (CONT'D)

Organisational Structure and Authorisation (Cont'd)

The daily running of business operations is entrusted to the respective Head of Operation of the subsidiaries. Under the purview of the Head of Operation, 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 Board. 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 Board 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.

Review of the Statement by External Auditors

For the financial year ended 31 December 2021, the External Auditors had performed limited assurance engagement on this Statement on Risk Management and Internal Control for inclusion in the Annual Report and reported to the Board that nothing had came to their attention that caused them to believe that this Statement was not prepared in all material aspects in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control –Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

In accordance with the Malaysian Approved Standards on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Review of Historical Financial Information and AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Controls covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures including the assessment and opinion by the Board of Directors and Management thereon.

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.

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

INTERNAL CONTROL (CONT'D)

Board Assurance and Limitation (Cont'd)

The Board has received assurance from the respective Head of Operation and Heads of Finance 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 15 April 2022.

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 2021 were as follows:

	Group RM	Company RM
Audit Fees	182,452	26,000
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 2021 or since the end of the previous financial year.

Utilisation of Proceeds

During the financial year, 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 at an average issue price of RM1.10 per share in 2021. The total proceeds raised from this corporate exercise and the status of the utilisation of the proceeds arising from private placement as at 31 December 2021 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	-	3,000
Funding for the Group's existing construction project	7,417	5,373	2,044
Working capital	2,228	2,209	19
Expenses relating to the Private Placement	380	374	6
Total	**13,025**	**7,956**	**5,069**

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 2021

CONTENTS

DIRECTORS' REPORT

for the year ended 31 December 2021

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

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

	Group RM	Company RM
Loss for the financial year, net of tax	(4,099,041)	(2,345,909)
Attributable to:		
Owners of the Company	(4,099,041)	(2,345,909)

DIVIDENDS

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

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2021.

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.

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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the total number of issued ordinary shares of the Company was increased from 90,000,002 units to 101,864,002 units by way of the issuance of 11,864,000 new ordinary shares arising from the private placement at issue prices ranging from RM0.96 to RM2.00 each for working capital purposes. The issued share capital of the Company increased from RM51,406,681 to RM64,432,047.

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.

DIRECTORS' REPORT (Cont'd)
for the year ended 31 December 2021

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 *	(Appointed on 1 November 2021)
Lee King Loon	
YM Tengku Dato' Indera Abu Bakar Ahmad Bin Tengku Abdullah	(Appointed on 24 June 2021)
Lee Swee Meng	(Appointed on 19 November 2021)
Sahari Bin Ahmad	(Appointed on 29 December 2021)
Lee Chee Vui	(Appointed on 1 April 2022)
Tan Yeang Tze (Tobby)	(Resigned on 10 March 2022)
Dato' Tan Yee Boon	(Retired on 22 June 2021)
Ng Seng Bee	(Resigned on 23 June 2021)
Shaharuddin Bin Abdullah	(Appointed on 24 June 2021) (Resigned on 22 December 2021)

* 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:

Kong Teck Fong
Soo Yew Sin
Lim Han Boon
Beh Kim Boon
Yao Kee Kong
Yeoh Weng Hong
Chan Chee Wai
Terence Yee Wai Leong

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 1.1.2021/ Date of appointment	**Bought**	**Sold**	**At 31.12.2021**
Direct interests				
Chew Hian Tat	28,795,378	432,700	-	29,228,078
Dato' Faisal Zelman bin Datuk Abdul Malik	7,300	-	7,300	-
Tan Yeang Tze (Tobby)	1,875,000	2,300,000	-	4,175,000
Lee Swee Meng	313,300	-	-	313,300

DIRECTORS' INTERESTS (CONT'D)

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 is 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 in Note 25 to the financial statements) 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.

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.

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 RM15,460 respectively.

SUBSIDIARIES

Details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

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

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

Details of significant events during and subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 24 to the financial statements.

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

DIRECTORS' REPORT (Cont'd)

for the year ended 31 December 2021

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

SAHARI BIN AHMAD

Director

Date: 15 April 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM (Restated)	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	**10,061,317**	12,145,907	**22,894**	-
Right-of-use assets	6	**1,456,694**	1,746,816	**-**	-
Investment properties	7	**727,947**	962,365	**-**	-
Investment in subsidiaries	8	**-**	-	**60,882,877**	55,751,528
Goodwill on consolidation	9	**-**	-	**-**	-
Total non-current assets		**12,245,958**	14,855,088	**60,905,771**	55,751,528
Current assets					
Inventories	10	**17,494,825**	13,101,800	**-**	-
Contract assets	11	**9,396,961**	9,334,370	**-**	-
Trade and other receivables	12	**52,636,577**	35,403,170	**8,253,282**	394,010
Current tax assets		**415,505**	-	**-**	-
Fixed deposits with licensed banks	13	**1,795,782**	3,090,563	**-**	-
Cash and bank balances	14	**10,453,667**	9,905,970	**2,304,841**	250,039
Total current assets		**92,193,317**	70,835,873	**10,558,123**	644,049
TOTAL ASSETS		**104,439,275**	85,690,961	**71,463,894**	56,395,577

STATEMENTS OF FINANCIAL POSITION (Cont'd)

as at 31 December 2021

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	**64,432,047**	51,406,681	**64,432,047**	51,406,681
Translation reserve	16	**294,493**	248,273	**-**	-
Accumulated losses		**(13,036,878)**	(6,747,863)	**(4,384,752)**	(2,038,843)
		51,689,662	44,907,091	**60,047,295**	49,367,838
Non-controlling interests		**-**	1,926,029	**-**	-
TOTAL EQUITY		**51,689,662**	46,833,120	**60,047,295**	49,367,838
Non-current liabilities					
Loans and borrowings	17	**82,338**	244,758	**-**	-
Employee benefits	18	**1,619,193**	1,842,135	**-**	-
Deferred tax liabilities	19	**339,767**	196,000	**-**	-
Total non-current liabilities		**2,041,298**	2,282,893	**-**	-
Current liabilities					
Loans and borrowings	17	**11,810,984**	3,327,361	**-**	-
Trade and other payables	20	**38,855,833**	33,230,937	**11,416,599**	7,027,739
Current tax liabilities		**41,498**	16,650	**-**	-
Total current liabilities		**50,708,315**	36,574,948	**11,416,599**	7,027,739
TOTAL LIABILITIES		**52,749,613**	38,857,841	**11,416,599**	7,027,739
TOTAL EQUITY AND LIABILITIES		**104,439,275**	85,690,961	**71,463,894**	56,395,577

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

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	21	**107,052,087**	117,720,377	**-**	-
Cost of sales		**(98,126,350)**	(114,584,760)	**-**	-
Gross profit		**8,925,737**	3,135,617	**-**	-
Other income		**1,322,883**	3,491,779	**25,881**	-
Distribution expenses		**(3,464,134)**	(3,416,351)	**-**	-
Administrative expenses		**(8,239,030)**	(6,301,015)	**(2,371,788)**	(696,058)
Net reversal/(impairment loss) on financial instruments and contract assets		**47,990**	263,425	**-**	(520,000)
Other expenses		**(2,061,177)**	(2,837,232)	**(2)**	(274,690)
Operating loss		**(3,467,731)**	(5,663,777)	**(2,345,909)**	(1,490,748)
Finance income	22	**26,507**	181,559	**-**	-
Finance costs	23	**(283,887)**	(272,422)	**-**	-
Loss before tax	24	**(3,725,111)**	(5,754,640)	**(2,345,909)**	(1,490,748)
Income tax expense/(credit)	26	**(373,930)**	239,096	**-**	-
Loss for the financial year		**(4,099,041)**	(5,515,544)	**(2,345,909)**	(1,490,748)
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of employee benefits		**325,945**	(167,467)	**-**	-
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences on foreign operations		**46,220**	(28,688)	**-**	-
Total comprehensive loss for the financial year		**(3,726,876)**	(5,711,699)	**(2,345,909)**	(1,490,748)

STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)

for the financial year ended 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Loss attributable to:					
Owners of the Company		**(4,099,041)**	(2,864,429)	**(2,345,909)**	(1,490,748)
Non-controlling interests		**-**	(2,651,115)	**-**	-
		(4,099,041)	(5,515,544)	**(2,345,909)**	(1,490,748)
Total comprehensive loss attributable to:					
Owners of the Company		**(3,726,876)**	(3,060,584)	**(2,345,909)**	(1,490,748)
Non-controlling interests		**-**	(2,651,115)	**-**	-
		(3,726,876)	(5,711,699)	**(2,345,909)**	(1,490,748)
Loss per ordinary share attributable to					
Owners of the Company (sen)					
- Basic and diluted	27	**(4.42)**	(3.18)		

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

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

	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 2020	51,406,681	276,961	(3,715,967)	47,967,675	4,577,144	52,544,819
Total comprehensive loss for the financial year						
Foreign currency translation differences for foreign operations	-	(28,688)	-	(28,688)	-	(28,688)
Remeasurement of employee benefits	-	-	(167,467)	(167,467)	-	(167,467)
Total other comprehensive loss for the financial year	-	(28,688)	(167,467)	(196,155)	-	(196,155)
Loss for the year	-	-	(2,864,429)	(2,864,429)	(2,651,115)	(5,515,544)
Total comprehensive loss	-	(28,688)	(3,031,896)	(3,060,584)	(2,651,115)	(5,711,699)
At 31 December 2020	51,406,681	248,273	(6,747,863)	44,907,091	1,926,029	46,833,120

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 31 December 2021

	←--- 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	-	-	(4,099,041)	(4,099,041)	-	(4,099,041)
Total comprehensive income/(loss)	-	35,473	(3,773,096)	(3,737,623)	-	(3,737,623)
Transactions with owners						
Issuance 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	**64,432,047**	**294,493**	**(13,036,878)**	**51,689,662**	**-**	**51,689,662**

STATEMENTS OF CHANGES IN EQUITY (Cont'd)

for the financial year ended 31 December 2021

	Attributable to owners of the Company		
	Share capital RM	**Accumulated losses RM**	**Total equity RM**
Company			
At 1 January 2020	51,406,681	(548,095)	50,858,586
Total comprehensive loss for the financial year	-	(1,490,748)	(1,490,748)
At 31 December 2020	51,406,681	(2,038,843)	49,367,838
Total comprehensive loss for the financial year	-	(2,345,909)	(2,345,909)
Issuance of ordinary shares	13,025,366	-	13,025,366
At 31 December 2021	**64,432,047**	**(4,384,752)**	**60,047,295**

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Loss before tax		**(3,725,111)**	(5,754,640)	**(2,345,909)**	(1,490,748)
Adjustments for:					
Depreciation of:					
- property, plant and equipment		**1,521,322**	2,632,536	**3,295**	-
- right-of-use assets		**163,576**	295,478	**-**	-
- investment properties		**20,135**	27,655	**-**	-
Impairment loss on goodwill		**-**	22,285	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**246,761**	(22,827)	**-**	-
Property, plant and equipment written off		**7,076**	3,402	**-**	-
Impairment loss on investment in a subsidiary		**-**	-	**-**	250,000
Net (reversal)/impairment loss on financial instrument and contract assets		**(47,990)**	(263,425)	**-**	520,000
Other receivables written off		**520,000**	-	**16,610**	-
Inventories written off		**98,289**	-	**-**	-
Employee benefits		**149,298**	146,616	**-**	-
Gain on disposal of a subsidiary		**(483,906)**	-	**(570)**	-
Finance income		**(26,507)**	(181,559)	**-**	-
Finance costs		**283,887**	272,422	**-**	-
Net unrealised foreign exchange (gain)/loss		**(33,381)**	-	**(24,690)**	24,690
Operating loss before changes in working capital		**(1,306,551)**	(2,822,057)	**(2,351,264)**	(696,058)
<u>Changes in working capital</u>					
Inventories		**(4,486,342)**	1,448,530	**-**	-
Trade and other receivables		**(17,685,370)**	(5,873,910)	**(19,110)**	-
Contract assets		**(62,591)**	(102,814)	**-**	-
Trade and other payables		**6,591,189**	6,406,650	**59,448**	13,440
Net cash used in operations		**(16,949,665)**	(943,601)	**(2,310,926)**	(682,618)
Tax paid		**(620,820)**	(688,494)	**-**	-
Employee benefits paid		**(46,295)**	(127,540)	**-**	-
Net cash used in operating activities		**(17,616,780)**	(1,759,635)	**(2,310,926)**	(682,618)

STATEMENTS OF CASH FLOWS (Cont'd)

for the financial year ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from investing activities					
Purchase of property, plant and equipment		**(514,446)**	(1,069,466)	**(26,189)**	-
Proceeds from disposal of property, plant and equipment		**994,713**	24,447	**-**	-
Purchase of investment properties		**(50,515)**	-	**-**	-
Disposal of a subsidiary, net of cash disposed		**(333,897)**	-	**61,570**	-
Advances to a subsidiary		**-**	-	**(7,832,082)**	(938,700)
Investment in subsidiaries		**(4,441,948)**	-	**(750,402)**	(311,000)
Change in fixed deposits		**1,678,090**	483,844	**-**	-
Interest received		**26,507**	181,559	**-**	-
Net cash used in investing activities		**(2,641,496)**	(379,616)	**(8,547,103)**	(1,249,700)
Cash flows from financing activities					
Proceeds from issuance of ordinary shares		**13,025,366**	-	**13,025,366**	-
Change in pledge deposits		**(383,309)**	261,394	**-**	-
Interest paid		**(283,887)**	(272,422)	**-**	-
Payments of lease liabilities		**(115,684)**	(225,605)	**-**	-
Drawdown of bankers' acceptance		**4,780,843**	-	**-**	-
Drawdown of revolving credit		**3,000,000**	-	**-**	-
Loan from a subsidiary		**-**	-	**-**	1,500,000
Net (repayments)/ advances from subsidiaries		**-**	-	**(112,535)**	682,355
Net cash generated from/ (used in) financing activities		**20,023,329**	(236,633)	**12,912,831**	2,182,355
Net (decrease)/increase in cash and cash equivalents		**(234,947)**	(2,375,884)	**2,054,802**	250,037
Cash and cash equivalents at the beginning of the year		**6,759,557**	9,140,857	**250,039**	2
Effects of exchange rate changes on cash and cash equivalents		**2,517**	(5,416)	**-**	-
Cash and cash equivalents at the end of the year		**6,527,127**	6,759,557	**2,304,841**	250,039
Analysis of cash and cash equivalents					
Cash and bank balances	**14**	**10,453,667**	9,905,970	**2,304,841**	250,039
Bank overdrafts	**17**	**(3,926,540)**	(3,146,413)	**-**	-
		6,527,127	6,759,557	**2,304,841**	250,039

(a) Reconciliation of liabilities arising from financing activities:

	1 January 2020 RM	Non-cash acquisition RM	Cash flows RM	Foreign exchange movements RM	31 December 2020 RM
Group					
Lease liabilities	472,397	178,716	(225,605)	198	425,706

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Included in net cash from operating activities:				
Payments relating to short-term leases and low-value assets	**356,260**	200,711	**10,225**	-
Interest paid in relation to lease liabilities	**18,116**	27,676	**-**	-
Included in net cash from financing activities:				
Payments of lease liabilities	**115,684**	225,605	**-**	-
Total cash outflows for leases	**490,060**	453,992	**10,225**	-

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

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 8 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 15 April 2022.

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:

<u>Amendments/Improvements to MFRSs</u>

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

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.

2. BASIS OF PREPARATION (CONT'D)

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

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 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 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 April 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
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 2022/ 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 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
\# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2. BASIS OF PREPARATION (CONT'D)

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

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

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.

- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

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.

The amendments require an entity 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.

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 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

2. BASIS OF PREPARATION (CONT'D)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its 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

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

3.1 Basis of consolidation (Cont'd)

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

For a new acquisition, goodwill is initially measured at cost, being the excess of the following (Cont'd):

- 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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.

(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.

<u>Debt instruments</u>

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.

- **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.

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 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.

(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.

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 (Cont'd)

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.

(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.

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

3.4 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

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.

(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.

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

3.5 Property, plant and equipment (Cont'd)

(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

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.

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

3.6 Leases (Cont'd)

(b) Lessee accounting

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

The Group and the Company present right-of-use assets 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.

The annual rate used for this purpose are as follows:

	%
Leasehold land	1.67
Building	50
Machinery	25

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

<u>Lease liability</u>

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.

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)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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.

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 customer for which the Group has received the consideration or has billed the customer.

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

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.

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.

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 expected credit 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.

Impairment losses are recognised in profit or loss.

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 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 three 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.

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.

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

3.14 Employee benefits (Cont'd)

(c) Defined benefit plan (Cont'd)

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.

(a) Warranties

Provision related to assurance-type warranty cost for expected warranty claim is recognised when the product 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.

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.

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

3.16 Revenue and other income (Cont'd)

(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.

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

3.17 Borrowing costs

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

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

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

The Group 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.

(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.

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

3.18 Taxes (Cont'd)

(ii) Deferred tax (Cont'd)

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.

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.

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

3.21 Fair value measurement (Cont'd)

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.

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.

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

3.23 Contract costs (Cont'd)

(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.

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 28(b) 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.

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

(b) Inventories (Cont'd)

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.

(d) 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 subsidiary are disclosed in Note 8 to the financial statements.

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 2020	10,667,834	33,255,850	3,794,239	1,353,853	49,071,776
Additions	-	592,948	415,218	61,300	1,069,466
Disposals	-	-	(2,595)	(144,560)	(147,155)
Write off	(1,400)	(9,432)	(106,780)	-	(117,612)
Transfer to right-of-use assets	-	(380,000)	-	-	(380,000)
Effect of movement in exchange rates	-	-	220	-	220
At 31 December 2020/ 1 January 2021 (Restated)	**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)**
Write 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**

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 2020	3,021,636	27,754,928	3,101,133	1,100,089	34,977,786
Depreciation for the year	212,546	2,205,000	209,533	124,207	2,751,286
Disposals	-	-	(975)	(144,560)	(145,535)
Write off	(114)	(9,432)	(104,664)	-	(114,210)
Transfer to right-of-use assets	-	(118,750)	-	-	(118,750)
Effect of movement in exchange rates	-	-	211	-	211
At 31 December 2020/ 1 January 2021 (Restated)	**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)**
Write 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**
Carrying amount					
At 1 January 2021 (Restated)	**7,432,366**	**3,627,620**	**895,064**	**190,857**	**12,145,907**
At 31 December 2021	**7,542,935**	**1,570,720**	**791,384**	**156,278**	**10,061,317**

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
Accumulated Depreciation		
At 1 January 2021	-	-
Depreciation for the year	3,295	3,295
At 31 December 2021	3,295	3,295
Carrying amount		
At 1 January 2021	-	-
At 31 December 2021	22,894	22,894

6. RIGHT-OF-USE ASSETS

	Land RM	Building RM	Machinery RM	Total RM
Group				
Cost				
At 1 January 2020	2,017,009	293,926	-	2,310,935
Addition	-	178,716	-	178,716
Transfer from property, plant and equipment	-	-	380,000	380,000
Derecognition *		(294,707)	-	(294,707)
Effect of movement in exchange rates	-	781	-	781
At 31 December 2020/ 1 January 2021 (Restated)	**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**
Accumulated Depreciation				
At 1 January 2020	634,185	193,370	-	827,555
Depreciation for the year	46,190	130,538	-	176,728
Transfer from property, plant and equipment	-	-	118,750	118,750
Derecognition *		(294,707)		(294,707)
Effect of movement in exchange rates	-	583	-	583
At 31 December 2020/ 1 January 2021 (Restated)	**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**
Carrying amount				
At 1 January 2021	**1,336,634**	**148,932**	**261,250**	**1,746,816**
At 31 December 2021	**1,290,444**	**-**	**166,250**	**1,456,694**

* *In the previous financial year, derecognition of the right-of-use assets was resulted from termination of certain leases.*

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

The Group leases machinery with lease term of 4 years.

7. INVESTMENT PROPERTIES

	Shoplots RM	Total RM
Group		
Cost		
At 1 January 2020/31 December 2020	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**
Accumulated Depreciation		
At 1 January 2020	355,638	355,638
Depreciation for the year	27,655	27,655
At 31 December 2020	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**
Carrying amount		
At 1 January 2021	**962,365**	**962,365**
At 31 December 2021	**727,947**	**727,947**

(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:

	2021 RM	2020 RM
Rental income	**82,862**	111,220
Direct operating expenses:		
- income generating investment	**29,210**	44,800
- non-income generating investment	**6,115**	-

7. INVESTMENT PROPERTIES (CONT'D)

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

	2021 RM	2020 RM
Less than one year	**62,300**	49,200
One to two years	**20,000**	14,300
Total undiscounted lease payment	**82,300**	63,500

(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 2021 are classified as level 3 of the fair value hierarchy and determined to be approximately RM1,655,000 (2020: RM2,140,000).

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 unobservable inputs	Relationship of unobservable inputs to fair value
Shoplots	Sales comparison approach	Price per square feet RM 350 (2020: RM 325)	The higher the price per square feet, the higher the fair value.

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
At cost		
Unquoted shares	**52,157,181**	51,717,779
Less: Impairment loss	**-**	(250,000)
	52,157,181	51,467,779
Loan that are part of net investments	**8,725,696**	4,283,749
	60,882,877	55,751,528

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.

8. 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 2021 %	2020 %	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 Impact Pte. Ltd. ("CGI") ^	Singapore	**-**	100	Wholesale trade of a variety of goods.
Central Global Big Data Centre Sdn. Bhd. ("CGBDC")	Malaysia	**100**	-	Provision of information technology, data processing and related services.
Central Global Construction Sdn. Bhd. ("CGC")	Malaysia	**100**	-	Construction of buildings.
Central Global Fintech Sdn. Bhd. ("CGF")	Malaysia	**100**	-	Provision of information technology and related services.
Central Global Healthcare Sdn. Bhd. ("CGH")	Malaysia	**100**	-	Production, wholesale and distribution of face masks and gloves that utilises nano technology.
Central Global Information Technology Sdn. Bhd. ("CGIT")	Malaysia	**100**	-	Provision of information technology and related services.
Central Global Technology Sdn. Bhd. ("CGT")	Malaysia	**100**	-	Provision of information technology and related services.
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.
Direct subsidiary of the CICC:				
Proventus Bina Sdn. Bhd. ("PBSB")	Malaysia	**100**	51	Contractor of building and general contract works and trading of building materials.

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

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) 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:

	Group 2021 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

(b) Incorporation of new subsidiaries

During the financial year, the Company has incorporated 6 new subsidiaries, 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.

(c) 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).

(i) 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

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Disposal of a subsidiary (Cont'd)

(ii) Effects of disposal on cash flows:

	RM
Fair value of consideration received	61,570
Less: cash and cash equivalents of subsidiary disposed	(395,467)
Net cash outflows on disposal	(333,897)

(d) 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 2021 %	Ownership interest 2020 %
Proventus Bina Sdn. Bhd. ("PBSB")	Malaysia	-	49

Carrying amount of material non-controlling interest:

	2021 RM	2020 RM
Name of company		
Proventus Bina Sdn. Bhd. ("PBSB")	-	1,926,029

Loss allocated to material non-controlling interest:

	2021 RM	2020 RM
Name of company		
Proventus Bina Sdn. Bhd. ("PBSB")	-	2,651,115

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) 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 2020	
Non-current assets	2,168,586
Current assets	35,716,054
Non-current liabilities	(185,939)
Current liabilities	(33,768,030)
	3,930,671
Summarised statements of comprehensive income	
Financial year ended 31 December 2020	
Revenue	65,240,235
Loss for the financial year and total comprehensive income	(5,410,439)
Summarised cash flow information	
Financial year ended 31 December 2020	
Cash flows used in operating activities	(2,938,590)
Cash flows used in investing activities	(46,417)
Cash flows generated from financing activities	1,822,244
Net decrease in cash and cash equivalents	(1,162,763)
Dividend paid to non-controlling interest	-

9. GOODWILL ON CONSOLIDATION

	RM
Cost	
At 1 January 2020	22,285
Impairment loss	(22,285)
At 31 December 2020/31 December 2021	-

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 PBSB that was acquired during the financial year ended 31 December 2018.

In the previous financial year, an impairment loss of RM22,285 was recognised in profit or loss of the Group as other expenses as the carrying amount was higher than the recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

10. INVENTORIES

	Group	
	2021 RM	**2020 RM**
Raw material	**9,041,491**	6,864,726
Work-in-progress	**2,112,687**	1,978,975
Manufactured inventories	**3,304,226**	2,154,769
Trading inventories	**2,762,238**	1,842,075
Consumables	**274,183**	261,255
	17,494,825	13,101,800
Recognised in profit or loss:		
Inventories recognised as cost of sales	**57,261,680**	44,872,953
Inventories written off	**98,289**	-

11. CONTRACT ASSETS

	Group	
	2021 RM	**2020 RM**
Contract assets relating to construction contracts	**9,396,961**	9,334,370

(a) Significant changes in contract balances

	Group	
	2021 RM	**2020 RM**
At 1 January	**9,334,370**	9,231,556
Progress billings issued during the year	**(46,852,518)**	(65,137,421)
Revenue recognised during the year	**46,915,109**	65,240,235
At 31 December	**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.

12. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Third parties	(a)	**42,746,107**	22,498,593	**-**	-
Retention sum	(b)	**5,980,879**	8,620,121	**-**	-
		48,726,986	31,118,714	**-**	-
Non-trade					
Amount due from a subsidiaries	(c)	**-**	-	**8,250,782**	914,010
Other receivables	(d)	**3,203,345**	1,645,111	**-**	-
Deposits		**528,963**	2,543,602	**2,500**	-
Prepayments		**177,283**	95,743	**-**	-
		3,909,591	4,284,456	**8,253,282**	914,010
Less:					
Impairment loss		**-**	-	**-**	(520,000)
		3,909,591	4,284,456	**8,253,282**	394,010
		52,636,577	35,403,170	**8,253,282**	394,010

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Company ranging from 7 to 120 days (2020: 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 28(b)(i) to the financial statements.

(b) Retention sum relates to construction work-in-progress. Retention sum is unsecured, interest-free and is expected to be collected as follows:

	Group	
	2021 RM	2020 RM
Within 1 year	**926,585**	-
More than 1 year	**5,054,294**	8,620,121
	5,980,879	8,620,121

(c) Amount due from a subsidiary is unsecured, non-interest bearing, repayable on demand.

(d) RM1,624,566 (2020: RM345,287) representing advance payments to suppliers for the purchase of inventories and non-trade suppliers.

13. FIXED DEPOSITS WITH LICENSED BANK

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits placed with licensed bank	**1,795,782**	3,090,563	**-**	-

Fixed deposits of RM1,795,782 (2020: RM1,412,473) have been pledged to banks from banking facilities granted to the Group as disclosed in Note 17 to the financial statements and hence, are not available for general use.

The interest rates for the fixed deposits placed with a licensed bank range from 1.75% to 1.85% (2020: 1.60% to 2.60%) per annum.

14. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short term deposits placed with licensed bank	**2,300,000**	500,000	**-**	-
Cash and bank balances	**8,153,667**	9,405,970	**2,304,841**	250,039
	10,453,667	9,905,970	**2,304,841**	250,039

The interest rate for the fixed deposits placed with licensed bank is 1.27% (2020: 1.20% to 1.25%) per annum.

15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2021 Units	2020 Units	2021 RM	2020 RM
Issued and fully paid up (no par value):				
At 1 January	**90,000,002**	90,000,002	**51,406,681**	51,406,681
Issuance of ordinary shares pursuant to private placement	**11,864,000**	-	**13,025,366**	-
At 31 December	**101,864,002**	90,000,002	**64,432,047**	51,406,681

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, the total number of issued shares of the Company was increased from 90,000,002 units to 101,864,002 units by way of the issuance of 11,864,000 new ordinary shares arising from the private placement at an issue prices ranging from RM0.96 to RM2.00 each for working capital purposes. The issued share capital of the Company increased from RM51,406,681 to RM64,432,047.

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

16. 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.

17. LOANS AND BORROWINGS

	Note	Group 2021 RM	Group 2020 RM
Non-current:			
Lease liabilities	(a)	**82,338**	244,758
		82,338	244,758
Current:			
Revolving credit	(b)	**3,000,000**	-
Bankers' acceptance	(c)	**4,780,843**	-
Lease liabilities	(a)	**103,601**	180,948
Bank overdrafts	(d)	**3,926,540**	3,146,413
		11,810,984	3,327,361
Total loans and borrowings:			
Revolving credit	(b)	**3,000,000**	-
Bankers' acceptance	(c)	**4,780,843**	-
Lease liabilities	(a)	**185,939**	425,706
Bank overdrafts	(d)	**3,926,540**	3,146,413
		11,893,322	3,572,119

(a) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group 2021 RM	Group 2020 RM
Minimum lease payments:		
Not later than one year	**112,800**	202,775
Later than one year and not later than five years	**84,564**	257,347
	197,364	460,122
Less: Future finance charges	**(11,425)**	(34,416)
Present value of minimum lease payments	**185,939**	425,706

17. LOANS AND BORROWINGS

(a) Lease liabilities (Cont'd)

Future minimum lease payments together with the present value of net minimum lease payments are as follows (Cont'd):

	Group	
	2021 RM	**2020 RM**
Present value of minimum lease payments:		
Not later than one year	**103,601**	180,948
Later than one year and not later than five years	**82,338**	244,758
	185,939	425,706
Less: Amount due within 12 months	**(103,601)**	(180,948)
Amount due after 12 months	**82,338**	244,758

Included in the Group's lease liabilities is a machinery with a carrying amount of RM166,250 (2020: RM261,250) as disclosed in Note 6 to the financial statements which is pledged for the lease. Such lease does not have terms for renewal which would give the Group's an option to purchase at nominal values at the end of lease term.

The effective interest rate implicit in the lease is 6.94% (2020: 5.25% to 6.94%) per annum.

(b) Revolving credit

The revolving credit of the Group bears interest at the rate of 3.35% (2020: Nil) per annum and is secured by way of:

(i) pledged of fixed deposits with a licensed bank as disclosed in Note 13 to the financial statements; and

(ii) corporate guarantee of the Company.

(c) Bankers' acceptance

The bankers' acceptance of the Group bears interest at the rate of 1.30% to 2.96% (2020: Nil) per annum and is secured by way of corporate guarantee.

(d) Bank overdrafts

The bank overdraft of the Group bears interest at the rate of 6.9% (2020: 6.9%) per annum and is secured by way of:

(i) facilities agreement as principal instrument;

(ii) deed of assignment of contract proceed;

(iii) corporate guarantee provide by the Company;

(iv) personal guarantee provided by a Director of a subsidiary; and

(v) pledged of fixed deposits with a licensed bank as disclosed in Note 13 to the financial statements.

18. EMPLOYEE BENEFITS

	Group	
	2021 RM	**2020 RM**
Net defined benefit liability	**1,619,193**	1,842,135

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.

Movement in the net defined benefit liability

The following table illustrates a reconciliation of the net defined benefit liability and its components:

	Group	
	2021 RM	**2020 RM**
At 1 January	**1,842,135**	1,655,592
Included in profit or loss		
Current service cost	**63,784**	64,042
Interest cost	**85,514**	82,574
	149,298	146,616
Included in other comprehensive income		
Remeasurement (gain)/loss of the net defined liability:		
- Actuarial (gain)/loss arising from financial assumptions	**(325,945)**	167,467
Other		
Benefits paid	**(46,295)**	(127,540)
At 31 December	**1,619,193**	1,842,135

Significant actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group	
	2021 %	**2020 %**
Discount rate	**4.5**	3.8
Future salary growth	**4.0**	5.0

At 31 December 2021, the weighted-average duration of the defined benefit obligation was 7 years (2020: 7 years).

18. 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			
2021			
Discount rate	**1.0**	**(101,703)**	**113,457**
Future salary growth	**1.0**	**119,776**	**(109,194)**
2020			
Discount rate	1.0	(106,231)	118,241
Future salary growth	1.0	140,720	(127,791)

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.

19. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

	At 1 January 2021 RM	Recognised in profit or loss (Note 26) 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)**

19. DEFERRED TAX LIABILITIES (CONT'D)

	At 1 January 2020 RM	Recognised in profit or loss (Note 26) RM	At 31 December 2020 RM
Group			
Unabsorbed capital allowances	302,000	15,000	317,000
Unutilised tax losses	59,000	(45,000)	14,000
Provisions	583,000	117,000	700,000
Property, plant and equipment	(1,540,000)	313,000	(1,227,000)
	(596,000)	400,000	(196,000)

	Group	
	2021 RM	2020 RM
Presented after appropriate offsetting as follows:		
Deferred tax assets	**658,650**	1,031,000
Deferred tax liabilities	**(998,417)**	(1,227,000)
	(339,767)	(196,000)

Unrecognised deferred tax assets

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

	Group	
	2021 RM	2020 RM
Unabsorbed capital allowances	**1,865,380**	1,606,507
Unutilised reinvestment allowances	**10,238,000**	10,238,000
Unutilised tax losses	**5,223,122**	4,877,451
Property, plant and equipment	**(147,107)**	(1,164,081)
Provision	**138,000**	-
	17,317,395	15,557,877

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.

19. 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	
	2021 RM	2020 RM
2030	**4,415,571**	4,415,571
2031	**500,404**	-
With no expiry	**307,147**	461,880
	5,223,122	4,877,451

The unutilised reinvestment allowances will expire as follows:

	Group	
	2021 RM	2020 RM
Unutilised reinvestment allowances		
2025	**10,238,000**	10,238,000

20. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Third parties		**29,952,658**	24,664,930	**-**	-
Accrued cost		**1,321,935**	2,868,466	**-**	-
Retention sum	(a)	**4,160,378**	2,977,158	**-**	-
		35,434,971	30,510,554	**-**	-
Non-trade					
Amount due to subsidiaries	(b)	**-**	-	**11,318,711**	6,989,299
Other payables		**2,573,763**	1,807,417	**200**	-
Accrued expense		**847,099**	912,966	**97,688**	38,440
		3,420,862	2,720,383	**11,416,599**	7,027,739
		38,855,833	33,230,937	**11,416,599**	7,027,739

(a) Retention sum relates to construction work-in-progress. Retention sum is unsecured, interest-free and is expected to be paid after 2 years.

(b) Included in amount due to subsidiaries of the Company is an amount of RM4,283,749 (2020: RM4,283,749) in relation to the transfer of interest in a subsidiary from CICB to the Company in conjunction with the reorganisation of the Group that was completed in year 2019.

Amount due to subsidiaries is unsecured, non-interest bearing, repayable upon demand.

21. REVENUE

	Group	
	2021 RM	2020 RM
Revenue from contract customers:		
- Sale of goods	**60,136,978**	52,480,142
- Construction contracts	**46,915,109**	65,240,235
	107,052,087	117,720,377

(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 recognition (i.e. goods transferred at a point in time or services transferred over time).

	Group	
	2021 RM	2020 RM
Primary geographical markets		
- Malaysia	**82,026,700**	101,255,865
- Asia (excluding Malaysia)	**20,785,488**	11,223,918
- Australia	**2,635,431**	3,152,293
- United States of America	**296,675**	614,760
- Europe	**833,239**	1,019,872
- Other countries	**474,554**	453,669
	107,052,087	117,720,377
Major products and service lines		
- Self-adhesive tapes	**37,191,773**	28,495,261
- Self-adhesive label stocks	**6,318,866**	7,791,932
- Trading goods	**16,626,339**	16,192,949
- Construction contracts	**46,915,109**	65,240,235
	107,052,087	117,720,377
Timing and recognition		
- At a point in time	**60,136,977**	52,480,142
- Over time	**46,915,110**	65,240,235
	107,052,087	117,720,377

21. 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 7 - 120 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 amounted to RM85,644,684 (2020: RM53,982,660). The Group expected to recognise the revenue progressively over 1 to 2 years (2020: 1 to 2 years) based on the progress of satisfaction of the performance obligation. The disclosure is only providing information for contracts that have a duration of more than one year.

	2022 RM	2023 RM	Total RM
2021			
Construction contracts	**38,540,108**	**47,104,576**	**85,644,684**

	2021 RM	2022 RM	Total RM
2020			
Construction contracts	47,483,283	6,499,377	53,982,660

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.

22. FINANCE INCOME

	Group	
	2021 **RM**	**2020** **RM**
Interest income from:		
- Fixed deposits	**24,632**	172,541
- REPO	**1,875**	9,018
	26,507	181,559

23. FINANCE COST

	Group	
	2021 **RM**	**2020** **RM**
Interest expense from:		
- Revolving credit	**48,223**	-
- Bankers' acceptance	**31,128**	-
- Bank overdrafts	**183,122**	224,955
- Bank guarantee	**3,298**	19,791
- Lease liabilities	**18,116**	27,676
	283,887	272,422

24. LOSS BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Auditors' remuneration:				
- current year	**182,452**	163,764	**26,000**	25,000
Non-statutory audit fees:				
- Malaysian operations	**12,000**	28,000	**12,000**	19,000
Depreciation of:				
- property, plant and equipment	**1,521,322**	2,632,536	**3,295**	-
- right-of-use assets	**163,576**	295,478	**-**	-
- investment properties	**20,135**	27,655	**-**	-
Loss/(Gain) on disposal of property, plant and equipment	**246,761**	(22,827)	**-**	-
Property, plant and equipment written off	**7,076**	3,402	**-**	-
Foreseeable loss	**-**	222,049	**-**	-
Insurance claim	**-**	(1,752,189)	**-**	-
Profit Guarantee Shortfall	**-**	(1,081,696)	**-**	-
Expenses relating to:				
- short term lease	**321,391**	181,299	**9,240**	-
- low value assets	**34,869**	19,412	**985**	-
Impairment loss on goodwill	**-**	22,285	**-**	-
Impairment loss on investment in a subsidiary	**-**	-	**-**	250,000
Employee benefits	**149,298**	146,616	**-**	-
Net (reversal)/impairment loss on financial instruments and contract assets				
- trade receivables	**(47,990)**	(263,425)	**-**	520,000
Other receivables written off	**520,000**	-	**16,610**	-
Inventories written off	**98,289**	-	**-**	-
Net foreign exchange (gain)/loss:				
- realised	**(143,808)**	71,642	**-**	-
- unrealised	**(33,381)**	-	**(24,690)**	24,690

24. LOSS BEFORE TAX (CONT'D)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at loss before tax (Cont'd):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Gain on disposal of a subsidiary	**(483,906)**	-	**(570)**	-
Employee benefits expense (excluding directors' emoluments)				
- Wages, salaries and others	**8,807,275**	7,849,100	**31,468**	-
- Employees' Provident Fund contribution	**1,038,884**	1,095,877	**3,824**	-
- SOCSO	**125,670**	134,013	**308**	-

25. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current Directors				
- Fees	**114,571**	212,000	**114,571**	212,000
- Remuneration	**615,065**	203,000	**615,065**	203,000
- Defined contribution plans	**77,483**	17,280	**77,483**	17,280
Past Directors				
- Fees	**65,170**	41,000	**65,170**	41,000
- Remuneration	**48,234**	148,450	**48,234**	10,250
- Defined contribution plans	**3,335**	-	**3,335**	-
Other Directors				
- Remuneration	**688,007**	909,906	**-**	-
- Defined contribution plans	**96,058**	132,441	**-**	-
	1,707,923	1,664,077	**923,858**	483,530

In the previous financial year, the Group's estimated monetary value of Directors' benefit-in-kind is RM17,400.

26. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) for the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	Group	
	2021 RM	**2020 RM**
Current tax expense		
- Current year	**230,364**	118,000
- Prior year	**(201)**	42,904
	230,163	160,904
Deferred tax expense (Note 19)		
- Origination/(Reversal) of temporary differences	**335,086**	(401,000)
- Prior year	**(191,319)**	1,000
	143,767	(400,000)
Total tax expense/(credit)	**373,930**	(239,096)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Loss before tax	**(3,725,111)**	(5,754,640)	**(2,345,909)**	(1,490,748)
Tax at Malaysian statutory income tax of 24% (2020: 24%)	**(894,027)**	(1,381,114)	**(563,018)**	(357,780)
Effect of lower tax rate in foreign jurisdiction *	**4,593**	25,691	**-**	-
Non-deductible expenses	**1,077,107**	18,699	**569,081**	357,780
Income not subject to tax	**(44,507)**	(83,876)	**(6,063)**	-
Deferred tax not recognised on tax losses and temporary differences	**422,284**	1,137,600	**-**	-
Adjustment in respect of income tax of prior years	**(201)**	42,904	**-**	-
Adjustment in respect of deferred tax of prior years	**(191,319)**	1,000	**-**	-
Income tax expense/(credit)	**373,930**	(239,096)	**-**	-

* *Subsidiaries operate in a tax jurisdiction with a lower tax rate.*

27. LOSS PER ORDINARY SHARE

Basic loss per ordinary share

Basic loss per share are based on the 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:

	2021 RM	2020 RM
Loss attributable to owners of the Company	**(4,099,041)**	(2,864,429)
Weighted average number of ordinary shares for basic loss per share	**92,784,703**	90,000,002
Basic loss per ordinary share (sen)	**(4.42)**	(3.18)

Diluted loss per ordinary share

The diluted loss per ordinary share are equal as the Group has no dilutive potential ordinary share(s).

28. 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

	Carrying amount RM	Amortised cost RM
Group		
2021		
Financial assets		
Trade and other receivables ^	**50,834,728**	**50,834,728**
Fixed deposits with licensed bank	**1,795,782**	**1,795,782**
Cash and bank balances	**10,453,667**	**10,453,667**
	63,084,177	**63,084,177**
Financial liabilities		
Loans and borrowings	**11,893,322**	**11,893,322**
Trade and other payables	**38,855,833**	**38,855,833**
	50,749,155	**50,749,155**

28. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

	Carrying amount RM	Amortised cost RM
Group		
2020		
Financial assets		
Trade and other receivables ^	34,962,140	34,962,140
Fixed deposits with licensed bank	3,090,563	3,090,563
Cash and bank balances	9,905,970	9,905,970
	47,958,673	47,958,673
Financial liabilities		
Loans and borrowings	3,572,119	3,572,119
Trade and other payables	33,230,937	33,230,937
	36,803,056	36,803,056
Company		
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**
2020		
Financial assets		
Trade and other receivables ^	394,010	394,010
Cash and bank balances	250,039	250,039
	644,049	644,049
Financial liability		
Trade and other payables	7,027,739	7,027,739

^ *Exclude prepayments and advance payment made to suppliers.*

28. 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.

28. 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	
	2021 RM	**2020 RM**
Malaysia	**55,415,034**	37,781,633
Asia (excluding Malaysia)	**1,815,870**	1,919,691
Australia	**694,967**	596,834
United States of America	**198,076**	-
Europe	**-**	40,930
Others	**-**	113,996
	58,123,947	40,453,084

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.

28. 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:

	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**
At 31 December 2020			
Contract assets	9,334,370	-	9,334,370
Trade receivables			
Current (not past due)	21,863,539	-	21,863,539
1 - 30 days past due	5,872,527	-	5,872,527
31 - 60 days past due	1,191,282	-	1,191,282
61 - 90 days past due	181,590	-	181,590
More than 90 days past due	2,143,437	(133,661)	2,009,776
	31,252,375	(133,661)	31,118,714

28. 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 movement in allowance for impairment losses on trade receivables is as follows:

	Group	
	2021 RM	**2020 RM**
Credit impaired		
At 1 January	**133,661**	400,624
Charge for the financial year		
- Individually assessed	**3,058**	112,826
Reversal of impairment losses	**(51,048)**	(376,251)
Written off of impairment losses	**(1,066)**	(3,538)
At 31 December	**84,605**	133,661

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.

As at the end of the reporting date, the Company recognised accumulated loss allowance for impairment on amount due from subsidiaries amounted to Nil (2020: RM520,000).

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Financial guarantee contracts

The maximum exposure to credit risk amounts to RM9,578,289 (2020: RM5,469,497) where the financial guarantees of RM958,449 (2020: RM2,046,951) and RM8,619,840 (2020: RM3,422,546) 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 28(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.

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.

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date 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 2021					
Trade and other payables	**38,855,833**	**38,855,833**	**-**	**-**	**38,855,833**
Revolving credit	**3,000,000**	**3,049,011**	**-**	**-**	**3,049,011**
Bankers' acceptance	**4,780,843**	**4,780,843**	**-**	**-**	**4,780,843**
Lease liabilities	**185,939**	**112,800**	**84,564**	**-**	**197,364**
Bank overdrafts	**3,926,540**	**3,926,540**	**-**	**-**	**3,926,540**
	50,749,155	**50,725,027**	**84,564**	**-**	**50,809,591**
At 31 December 2020					
Trade and other payables	33,230,937	33,230,937	-	-	33,230,937
Lease liabilities	425,706	202,776	257,346	-	460,122
Bank overdrafts	3,146,413	3,146,413	-	-	3,146,413
	36,803,056	36,580,126	257,346	-	36,837,472

28. 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 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**
At 31 December 2020					
Trade and other payables	7,027,739	7,027,739	-	-	7,027,739
Financial guarantee contracts	-	5,469,497	-	-	5,469,497
	7,027,739	12,497,236	-	-	12,497,236

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(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.

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	Group	
	2021 RM	**2020 RM**
Financial assets and (liabilities) not held in functional currencies		
Trade and other receivables		
United States Dollar ("USD")	**2,311,187**	1,298,281
Chinese Yuan ("CNY")	**455,527**	-
Singapore Dollar ("SGD")	**1,400,068**	1,855,509
Euro ("EUR")	**175,197**	-
	4,341,979	3,153,790
Cash and cash equivalents		
United States Dollar ("USD")	**1,570,591**	3,326,791
Singapore Dollar ("SGD")	**958,689**	534,352
	2,529,280	3,861,143
Trade and other payables		
United States Dollar ("USD")	**(128,770)**	(411,747)
Chinese Yuan ("CNY")	**(339,629)**	(940,712)
Singapore Dollar ("SGD")	**(476,420)**	(415,737)
Japanese Yen ("JPY")	**(24,348)**	-
	(969,167)	(1,768,196)

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

	Company	
	2021 RM	2020 RM
Financial assets not held in functional currencies		
Other receivables		
Singapore Dollar ("SGD")	-	394,010

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 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**

28. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

	Change in rate %	Effect on profit for the financial year/equity RM
Group		
31 December 2020		
- USD	+ 10%	320,213
	- 10%	(320,213)
- CNY	+ 10%	(71,494)
	- 10%	71,494
- SGD	+ 10%	150,033
	- 10%	(150,033)
Company		
31 December 2020		
- SGD	+ 10%	29,945
	- 10%	(29,945)

(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.

29. 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.

29. RELATED PARTIES (CONT'D)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2021 RM	2020 RM
Rental expense		
Subsidiary	**9,240**	-

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 12 and Note 20 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 17 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 25 to the financial statements.

30. 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 2021 and 31 December 2020.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total loan and borrowings	**11,893,322**	3,572,119	**-**	-
Less: Cash and bank balances	**(10,453,667)**	(9,905,970)	**(2,304,841)**	(250,039)
Less: Fixed deposits with licensed banks	**(1,795,782)**	(3,090,563)	**-**	-
Net cash	**(356,127)**	(9,424,414)	**(2,304,841)**	(250,039)
Total equity	**51,689,662**	46,833,120	**60,047,295**	49,367,838
Debt-to-equity ratio	**Nil**	Nil	**Nil**	Nil

There were no changes in the Group's and the Company's approach to capital management during the financial year.

31. 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
Self-adhesive label stocks and tapes	Manufacturing of self-adhesive label stocks and tapes.
Construction contracts	Construction of residential buildings and public infrastructure.
Trading	Wholesale trade of a variety of goods.
Others	Investment holding.

Intersegment pricing is determined based on negotiated terms.

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.

31. SEGMENT INFORMATION (CONT'D)

	Note	Self-adhesive label stocks and tapes		Construction contracts		Trading		Others		Eliminations		Consolidated	
		2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Revenue													
Revenue from external customers		**60,136,978**	52,480,142	**46,915,109**	65,240,235	**-**	-	**-**	-	**-**	-	**107,052,087**	117,720,377
Inter-segment revenue	A	**5,424,256**	4,660,189	**-**	-	**-**	-	**-**	-	**(5,424,256)**	(4,660,189)	**-**	-
		65,561,234	57,140,331	**46,915,109**	65,240,235	**-**	-	**-**	-	**(5,424,256)**	(4,660,189)	**107,052,087**	117,720,377
Results													
Included in measure of segment profit/(loss) are:													
Depreciation of:													
- Property, plant and equipment		**(676,937)**	(694,938)	**(799,729)**	(1,903,748)	**(13,571)**	(14,094)	**(3,295)**	-	**(27,790)**	(19,756)	**(1,521,322)**	(2,632,536)
- Right-of-use assets		**(46,190)**	(146,944)	**(95,000)**	(118,750)	**(22,386)**	(29,784)	**-**	-	**-**	-	**(163,576)**	(295,478)
- Investment properties		**(47,925)**	(47,411)	**-**	-	**-**	-	**-**	-	**27,790**	19,756	**(20,135)**	(27,655)
Finance income		**122,687**	119,916	**15,485**	142,623	**-**	-	**-**	-	**(111,665)**	(80,980)	**26,507**	181,559
Finance costs		**(80,472)**	(84,590)	**(313,286)**	(268,812)	**(1,794)**	-	**-**	-	**111,665**	80,980	**(283,887)**	(272,422)
Impairment loss on goodwill		**-**	-	**-**	22,285	**-**	-	**-**	-	**-**	-	**-**	22,285
Segment profit/(loss)		**1,855,811**	121,024	**(2,868,933)**	(5,755,979)	**(250,295)**	(483,038)	**(2,400,341)**	(1,490,748)	**(61,353)**	1,854,101	**(3,725,111)**	(5,754,640)
Included in the measure of segment assets are:													
Additions to non-current assets other than financial instruments and deferred tax assets		**379,742**	859,875	**138,608**	108,060	**20,422**	101,531	**26,189**	-	**-**	-	**564,961**	1,069,466
Segment assets		**68,086,855**	59,527,333	**59,961,110**	42,168,389	**-**	896,683	**72,213,994**	56,395,577	**(95,822,684)**	(73,297,021)	**104,439,275**	85,690,961

31. 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
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**
2020		
Malaysia	101,255,865	14,594,930
Asia (excluding Malaysia)	11,223,918	260,158
Australia	3,152,293	-
United States of America	614,760	-
Europe	1,019,872	-
Others	453,669	-
	117,720,377	14,855,088

Information about major customers

For construction segment, revenue from three (2020: two) customers represented RM45,112,000 (2020: RM53,183,774) for the Group's total revenue.

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 4 February 2021, the wholly-owned subsidiary, CIC Construction Sdn. Bhd. acquired the remaining 49% equity interest (representing 1,310,000 ordinary shares) in Proventus Bina Sdn. Bhd. at a price of RM3.39 per share. Further details are disclosed in Note 8(a) to the financial statements.

(b) On 27 April 2021, the Company disposed 100% equity investment in Central Global Impact Pte. Ltd. for a total consideration of SGD20,000. Further details are disclosed in Note 8(c) to the financial statements.

32. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)

(c) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2021.

Given the fluid situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(d) On 26 January 2022, the wholly-owned subsidiary, CIC Construction Sdn. Bhd. has entered into a conditional share sale and purchase agreement to acquire a 70% equity interest in RYRT International Sdn. Bhd. for a purchase consideration of RM30,100,000 which to be satisfied wholly by issuance of 28,942,308 new ordinary shares in the Company at an issue price of RM1.04 per consideration share. The conditional share sale and purchase agreement has become unconditional on 14 April 2022.

33. COMPARATIVE FIGURES

Recognition of right-of-use assets

The presentation and classification of items in the current year's financial statements are consistent with the previous financial year except certain comparative figures have been restated to conform with current year's presentation.

Effect of the adjustments are as follows:

Statement of Financial Position

	Carrying amount previously reported RM	Adjustments RM	Restated carrying amount RM
At 1 January 2021			
Group			
Assets			
Property, plant and equipment	**12,407,157**	**(261,250)**	**12,145,907**
Right-of-use assets	**1,485,566**	**261,250**	**1,746,816**

The comparative figures have been audited by another firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng PLT.

STATEMENT BY DIRECTORS

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

We, **CHEW HIAN TAT** and **SAHARI BIN AHMAD**, 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 66 to 141 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 2021 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

SAHARI BIN AHMAD

Director

Kuala Lumpur

Date: 15 April 2022

STATUTORY DECLARATION

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

I, **KEW SY LENG**, 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 66 to 141 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.

KEW SY LENG

(MIA membership no: CA10964)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 April 2022.

Before me,

Dato' Riduan Bin Hassan
License No. W637

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRAL GLOBAL BERHAD

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 2021 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 66 to 141.

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 2021, 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 2021 which include certain amounts which are 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.

Key Audit Matters (Cont'd)

<u>Group (Cont'd)</u>

Inventories (Notes 4(b) and 10 to the financial statements)

As at 31 December 2021, the carrying amount of inventories held by the Group amounting to RM17,494,825. 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 which comprise the cost of raw materials, direct labour, other costs and the appropriate allocation of overheads based on normal operating capacity. 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; and

- checking subsequent sales and evaluating Group's assessment on estimated net realisable value on selected inventory items.

Revenue recognition for construction activities (Notes 4(c) and 21 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 (Cont'd)

Key Audit Matters (Cont'd)

<u>Company</u>

Investment in a subsidiary (Notes 4(d) and 8 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 future sales, 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
- analysing 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.

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.

- 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 8 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRAL GLOBAL BERHAD (Cont'd)

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2020 were audited by another firm of chartered accountants whose report dated 24 May 2021 expressed an unmodified opinion on those financial statements.

2. 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: 15 April 2022

LIST OF PROPERTIES

Held As At 31 December 2021

Address/Location	Tenure	Year of Revaluation/ Acquisition	Area	Age of Building (Years)	Description/ Existing Use	Net Book Value (RM)
P.T. 8558/8559, Mukim Sungai Pasir Kuala Muda Kedah	Leasehold (Expire: 2050)	2001	347,836 sq.ft.	31	Land with Factory	7,778,715
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.	Leasehold (Expire: 2095)	2006	11,368 sq.ft.	23	Office Building	1,782,611

ANALYSIS OF SHAREHOLDINGS

As at 11 April 2022

Total Number of Issued Shares	:	101,864,002 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS
As at 11 April 2022

ANALYSIS OF LISTED SECURITIES BY SIZE OF HOLDINGS AS AT 11 APRIL 2022 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100 shares	232	4,470	0.01
100 - 1,000 shares	366	228,158	0.22
1,001 - 10,000 shares	1,226	6,065,024	5.96
10,001 - 100,000 shares	560	17,318,770	17.00
100,001 below 5% of issued shares	120	54,602,202	53.60
5% and above of issued shares	2	23,645,378	23.21
Total	**2,506**	**101,864,002**	**100.00**

DIRECTORS' SHAREHOLDINGS IN THE COMPANY
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 11 APRIL 2022)

		Direct Interest		Deemed Interest	
No.	Name	Shares	%	Shares	%
1.	DATO' FAISAL ZELMAN BIN DATUK ABDUL MALIK	-	-	-	-
2.	CHEW HIAN TAT	29,228,078	28.69	-	-
3.	LEE CHEE VUI	-	-	-	-
4.	YM TENGKU DATO' INDERA ABU BAKAR AHMAD BIN TENGKU ABDULLAH	-	-	-	-
5.	LEE KING LOON	-	-	-	-
6.	LEE SWEE MENG	313,300	0.31	-	-
7.	SAHARI BIN AHMAD	-	-	-	-

SUBSTANTIAL SHAREHOLDERS
As at 11 April 2022

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 11 APRIL 2022)

		Direct Interest		Deemed Interest	
No.	Name	Shares	%	Shares	%
1.	CHEW HIAN TAT	29,228,078	28.69	-	-

ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 11 April 2022

THIRTY (30) LARGEST SHAREHOLDERS
As at 11 April 2022

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 11 APRIL 2022 (WITHOUT AGGREGATING SECURITIES FROM DIFFERENT SECURITIES ACCOUNT BELONGING TO THE SAME PERSON)

No.	Names	No. of Shares held	%
1	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT	12,090,700	11.87
2	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MGN-CHT0002M)	11,554,678	11.34
3	HSBC NOMINEES (ASING) SDN. BHD. - EXEMPT AN FOR BANK VONTOBEL AG	4,640,000	4.56
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR HJT INTERNATIONAL GROUP (M) SDN. BHD. (7002971)	3,550,000	3.49
5	AMSEC NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR AN SIEW CHONG	2,450,000	2.41
6	TEY GIAP CHIAN	2,266,400	2.22
7	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. - THE BANK OF NEW YORK MELLON FOR ASSURED ASSET MANAGEMENT LIMITED	2,160,000	2.12
8	PEMBINAAN URUSMESRA SDN. BHD.	2,000,200	1.96
9	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR CHEW HIAN TAT (MY3742)	1,800,000	1.77
10	TA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TEOH SENG KIAN	1,470,000	1.44
11	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIM HAN BOON	1,346,300	1.32
12	SUPREME HOME APPLIANCES SDN. BHD.	1,277,400	1.25
13	TEY GIAP CHIAN	1,200,000	1.18
14	TA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR TEOH SENG AUN	1,170,000	1.15
15	RAZ UTAMA SDN. BHD.	1,065,000	1.05
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR LIEW HUI TONG (7006561)	865,000	0.85
17	LEONG KOK PENG	836,900	0.82
18	GOH KHAI SHING	835,000	0.82
19	HO TEIK SUAN	800,300	0.79
20	LIEW HUI TONG	754,500	0.74
21	LIM ANN KOK	665,100	0.65
22	GLOBAL ASIA HOLDING (M) SDN. BHD.	652,800	0.64
23	YANG LAI SEE	631,800	0.62

ANALYSIS OF SHAREHOLDINGS (Cont'd)

As at 11 April 2022

THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

As at 11 April 2022

No.	Names	No. of Shares held	%
24	LIEW HUI TONG	599,422	0.59
25	SUPREME CODE LAND SDN. BHD.	573,700	0.56
26	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - PLEDGED SECURITIES ACCOUNT FOR HAFIDAH BINTI PAWANCHIK	523,800	0.51
27	CHIA YEE RUEY	500,000	0.49
28	ONG PENG SONG	500,000	0.49
29	KENANGA NOMINEES (TEMPATAN) SDN. BHD. - RAKUTEN TRADE SDN. BHD. FOR TAN ZHEN LIN	470,300	0.46
30	LIM YAW SHING	462,000	0.45

ADMINISTRATIVE DETAILS

ADMINISTRATIVE GUIDE FOR THE ANNUAL GENERAL MEETING ("AGM")

Date	**:**	**Tuesday, 21 June 2022**
AGM Time	**:**	**10.00 a.m.**
Broadcast Venue	**:**	**A5-06 Block A, Plaza DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur**

Voting via Digital Ballot Form at a Fully Virtual AGM

1. In view of the Coronavirus Disease (COVID-19) pandemic and as part of our safety measures, the Third AGM ("3rd AGM") of Central Global Berhad ("the Company") will be conducted on a virtual basis through remote participation and electronic voting from the Broadcast Venue ("Online AGM").

2. This is a virtual Meeting. No shareholders/proxies are allowed to be present at the Broadcast Venue. Shareholders who wish to participate at the AGM will therefore have to do so remotely. Pre-registration of attendance is required via the link at https://vps.megacorp.com.my/eD10hX (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, 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 the 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/eD10hX, 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 AGM.

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 AGM 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

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 Tuesday, 14 June 2022. As such, only shareholders whose name appear in the ROD shall be entitled to participate and vote at the AGM, or appoint proxy(ies) / corporate representative(s) to participate 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.

Poll Voting (Cont'd)

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
Alfred	:	+60 (12) 912 2734
Hisham	:	+60 (12) 252 9136

PROXY FORM

No. of Shares Held:	
CDS Account No.:	

Central Global Berhad
201801036114 (1298143-T)

I/We……………………………………...…………………………………………………………..………(NRICNo……………………….........……)
(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 Third Annual General Meeting of the Company will be conducted on a fully virtual basis at the Broadcast Venue Broadcast Venue at A5-06 Block A, Plaza DwiTasik, Jalan 5/106, Bandar Sri Permaisuri, 56000 Kuala Lumpur on Tuesday, 21 June 2022 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 1 July 2022 until the next Annual General Meeting				
2	To re-elect the director, Mr. Lee King Loon				
3	To re-elect the director, YM Tengku Dato' Indera Abu Bakar Ahmad bin Tengku Abdullah				
4	To re-elect the director, Mr. Chew Hian Tat				
5	To re-elect the director, Mr. Lee Swee Meng				
6	To re-elect the director, Encik Sahari bin Ahmad				
7	To re-elect the director, Mr. Lee Chee Vui				
8	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company				
9	Authority to allot shares				
10	Proposed Allocation - Mr. Chew Hian Tat, Group Managing Director				
11	Proposed Allocation - Mr. Lee Chee Vui, Executive Director				
12	Proposed Allocation - Mr. Lee Swee Meng, Independent Non-Executive Director				
13	Proposed Allocation - Encik Sahari bin Ahmad, Independent Non-Executive Director				

(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……………………………2022

………………………….
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 Third Annual General Meeting will therefore have to register via the link https://vps.megacorp.com.my/eD10hX. Kindly refer to the annexure of the Administrative Details for further information.*

(ii) Only depositors whose names appear in the Record of Depositors as at 14 June 2022 shall be entitled to attend the Third 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/eD10hX to submit the proxy appointment electronically not later than 19 June 2022 at 10:00 a.m. Kindly refer to the annexure of the Administrative Details 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.

Fold here

Affix Stamp Here

Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.

Fold here

www.cgbgroup.com.my

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