IWCITY

Iskandar Waterfront City Berhad

196801000661 (8256-A)

A Member of Iskandar Waterfront Holdings Group

ANNUAL REPORT 2022

VISION

To become a leading integrated property developer and builder that focus on community living and quality development.

MISSION

Building a sustainable development area that promotes quality & innovative products and excellent services that meets customer's need and ultimately ensuring equitable shareholder's returns.

CONTENTS

CORPORATE CALENDAR

FINANCIAL RESULTS

25 February
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 31 December 2021

25 May
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 31 March 2022

26 August
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 30 June 2022

24 November
Announcement of the unaudited quarterly report on consolidated results for the financial period ended 30 September 2022

AGM & EGM

29 April
Issuance of Annual Report for financial year ended 31 December 2021 and Circular for Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

30 June
53rd Annual General Meeting

16 November
Extraordinary General Meeting in relation to:-

Part A

(i) the proposed disposal of a piece of freehold vacant land by Success Straits Sdn Bhd, (a wholly-owned subsidiary of the Company) to Knusford Resources Sdn Bhd (a wholly-owned subsidiary of Knusford Berhad ("KB")) for a cash consideration of RM53.24 million ("Disposal Consideration") ("Proposed Disposal") and the settlement of debt owing by the Company and its subsidiaries to KB and its subsidiaries amounting to RM50.76 million by way of set-off against the disposal consideration ("Settlement")

Part B

(ii) Independent Advice Letter from BDO Capital Consultants Sdn Bhd to the non-interested shareholders of the Company in relation to the Proposed Disposal and Settlement

BOARDROOM CHANGES

30 June
Retirement of Mr. Khoo Boon Ho as an Independent Non-Executive Director, and member of Audit Committee, Nomination Committee and Risk Management Committee

1 July
- Resignation of Mr. Wong Khai Shiuan as an Executive Director and member of Risk Management Committee
- Appointment of Mr. Lim Chen Herng as an Executive Director

12 August
Changes in the composition of Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee

RELATED PARTY TRANSACTION

22 July
Success Straits Sdn Bhd, a wholly-owned subsidiary of IWCity has entered a conditional sale and purchase agreement ("SPA") with Knusford Resources Sdn Bhd for the disposal of a piece of freehold vacant land for a disposal consideration of RM53.24 million ("Proposed Disposal and Settlement")

7 December
Completion of the Proposed Disposal and Settlement

ABOUT US

CORPORATE INFORMATION

BOARD of DIRECTORS

Dato' Hj. Ayub bin Mion
Independent Non-Executive Chairman

Tan Sri Dato' Lim Kang Hoo
Executive Vice Chairman

Lim Chen Herng
Executive Director

Datuk Lim Keng Guan
Executive Director

Lim Foo Seng
Independent Non-Executive Director

Kang Hui Ling (f)
Independent Non-Executive Director

Dato' Hj. Lukman bin Abu Jari @ Abu Bakar
Non-Independent Non-Executive Director

Chin Wai Kit
Independent Non-Executive Director

Khairudin bin Hasan
(Alternate Director to Dato' Hj. Lukman bin Abu Jari @ Abu Bakar)

NOMINATION COMMITTEE

Lim Foo Seng
Chairman

Kang Hui Ling (f)

Chin Wai Kit

REMUNERATION COMMITTEE

Kang Hui Ling (f)
Chairman

Lim Foo Seng

Chin Wai Kit

AUDIT COMMITTEE

Lim Foo Seng
Chairman

Kang Hui Ling (f)

Chin Wai Kit

RISK MANAGEMENT COMMITTEE

Lim Foo Seng
Chairman

Kang Hui Ling (f)

Chin Wai Kit

COMPANY SECRETARIES

Yong May Li
(LS 0000295) (SSM PC No.202008000285)

Wong Chee Yin
(MAICSA 7023530) (SSM PC No. 202008001953)

Lim Aik Yong
(MAICSA 7054965)
(SSM PC No. 202008000995)

WEBSITE

www.iwcity.com.my

PRINCIPAL PLACE OF BUSINESS

G08, Block 8, Danga Bay,
Jalan Skudai, 80200 Johor Bahru,
Johor Darul Ta'zim

Tel No : 07-233 3888
Fax No : 07-233 3777

AUDITOR

Messrs. Crowe Malaysia PLT
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1, Kota
Southkey, 80150 Johor Bahru,
Johor Darul Ta'zim.

Tel No : 07-288 6627
Fax No : 07-338 4627

STOCK EXCHANGE LISTING

Main Market, Bursa Malaysia
Securities Berhad
Stock Code: 1589
Stock Name: IWCITY
Sector: Property

REGISTERED OFFICE

Suite 1301, 13th Floor City Plaza,
Jalan Tebrau 80300 Johor Bahru,
Johor Darul Ta'zim.

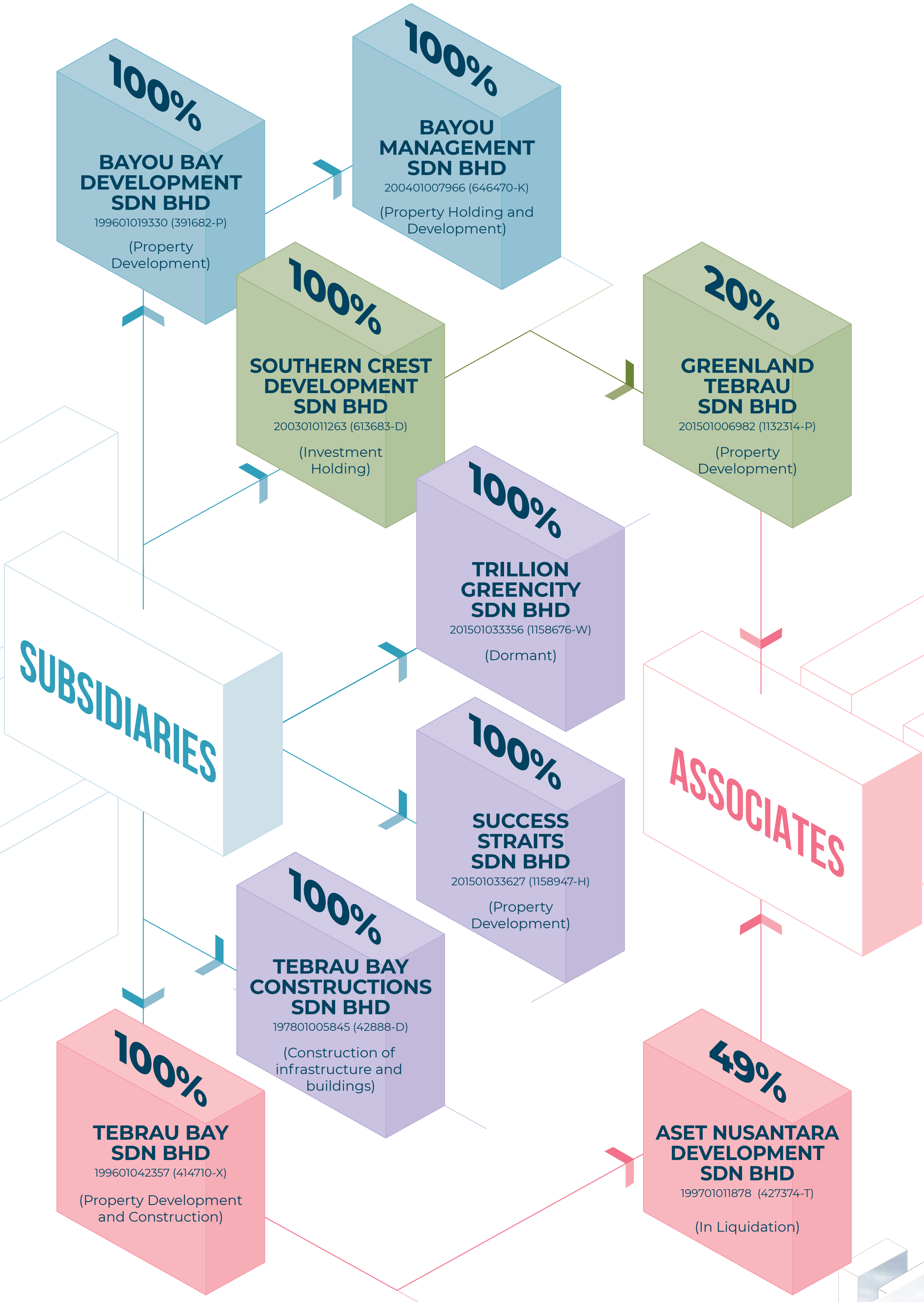
Tel No : 07-332 2088
Fax No : 07-332 8096

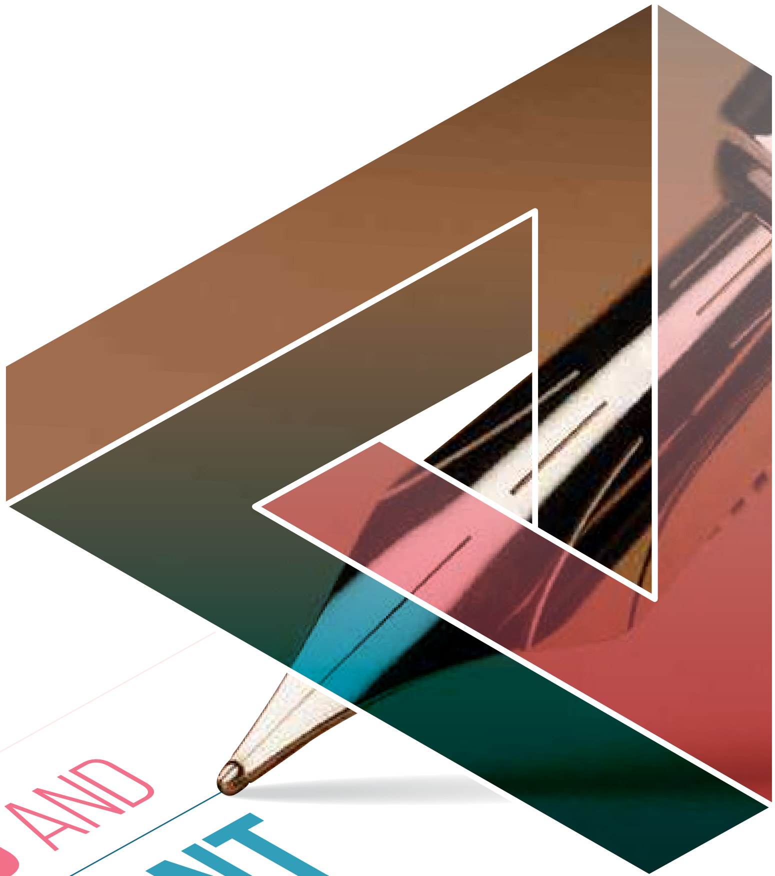
SHARE REGISTRAR

Messrs. Tricor Investor
Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A, Vertical
Business Suite, Avenue 3, Bangsar South,
No. 8 Jalan Kerinchi, 59200 Kuala Lumpur.

Tel No : 03-2783 9299
Fax No : 03-2783 9222
E-mail : is.enquiry
@my.tricorglobal.com

CORPORATE STRUCTURE





FROM THE BOARD AND THE MANAGEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, it is my pleasure to present to you Iskandar Waterfront City Berhad ("IWCity" or "the Group") Annual Report 2022. Despite the challenges presented by the post-recovery of COVID-19 pandemic, IWCity remained steadfast in its commitment to delivering value to our stakeholders, and the results achieved throughout the year bear testament to this.

In the fourth quarter of 2022 ("Q42022"), the growth of the Malaysian economy decelerated to 7.0%, compared to the previous quarter's growth rate of 14.2%, due to the decline in support from stimulus measures and the low base effect. Despite this slower growth, Malaysia's economy still managed to perform better than its long-term average of 5.1%. Overall, the Malaysia economy expanded by 8.7% in 2022. (https://www.bnm.gov.my/-/qb22q4_en_pr). In essence, while 2022 may present its own set of challenges, the route to recovery can most definitely be seen to be navigated as we keep a positive and optimistic outlook for the future.

CHAIRMAN'S STATEMENT CONT'D

Financial Performance

In the Financial Year Ended 31 December 2022 ("FYE2022"), the Group recorded an improved revenue of RM 92.36 million compared to RM 18.00 million in the Financial Year Ended 31 December 2021 ("FYE2021" or "previous year").

Attributed to the increased sales of units from the Danga Sutera project, our loss before tax reduced to RM 23.62 million for FYE2022 from the RM 31.20 million recorded in the previous year.

During the FYE2022, the Group sold a 5.581-acre parcel of freehold vacant land located in Mukim of Pulai, District of Johor, for RM 53.24 million. Excluding this land sale, the Group's performance in FYE2022 showed steady improvement, mainly due to the revenue growth in its property development division. The increase in revenue was primarily driven by the Danga Sutera Project, which comprises 525 units of double-storey terrace houses. This project was awarded the Certificate of Completion and Compliance in June 2020.

With the higher revenue, the Group continued to maintain a healthy financial position with the borrowings reduced from RM 169.35 million to RM 123.95 million as at 31 December 2022.

Property development

The construction sector expanded by 10.1% in Q42022, compared to 15.3% in the previous quarter. The growth of civil engineering and non-residential subsectors was particularly noteworthy, as it was boosted by the steady progress of significant infrastructure, commercial, and industrial projects. (https://www.bnm.gov.my/-/quarterly-bulletin-4q-2022).

In the year of 2022, IWCity continues to emphasise the success of Botanika and Danga Sutera projects. Although the launch of Botanika Tower A and Town villa has been put on hold due to the low demand and concerns of the oversupply for high-rise residential developments, Botanika Tower C has achieved a 95% take up rate for international units, leaving 11 unsold units along with 20% Bumiputera reserved units. We are pushing the sales of Bumiputera units to Bumiputera buyers while at the same time applying for release of such units to sell to non-bumiputra market.

Due to the reopening of the Malaysia-Singapore border and the recent increase in Buyer's Stamp Duty and Additional Buyer's Stamp Duty in Singapore, more Singaporean citizens and permanent residents are likely to be interested in seeking properties in Johor Bahru, particularly with Botanika's convenient location near Southkey Mid-Valley and the Customs, Immigration and Quarantine ("CIQ") Johor-Singapore Causeway. As a result, there is a positive outlook for the future, and we are expecting to deliver the vacant possession of Tower B in 3rd Quarter of the Financial Year 2023 ("3Q2023").

As for the Danga Sutera project, the first phase has been fully completed, with all 506 international units being sold, leaving only 19 Bumiputera units which has received the bumiputera release in January 2023. Construction for the second phase of Semi-Detached Houses ("Semi-D") resumed in December 2022, and there has been a noticeable increase in unit sales, with expectations to reach 70% sales of international units by the expected vacant possession handover in 3Q2023. The first parcel of the third phase, consisting of 42 units of Semi-D, has been launched in February 2023, and the Sales and Marketing Team anticipates that relatively encouraging sales for the international units will be sold in year 2023. The second parcel, which comprises an additional 42 units, is expected to launch in the third quarter of 2023.

Other than the above launches, in the coming year, we have plan to launch other property development project, which is Danga Rivera a 16-acre of commercial land located at Mukim Plentong, right beside East Coast Parkway comprises mainly of commercial components.

CHAIRMAN'S STATEMENT CONT'D

Corporate Governance

The approach that the Board takes toward corporate governance is that it constitutes the essential foundations in ensuring the sustainability and stability of the Group's operations. I am pleased to note that the Group continues to practice a high level of corporate governance, as the Company continues to maintain at least half of the Board as Independent Directors, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, to ensure good governance with check-and-balance measures in place. The Board of Directors has collaborated with the Management to provide the highest level of compliance with the recommendations of the Malaysian Code on Corporate Governance ("MCCG") 2021 in the year 2022, and it will continue to ensure the demonstration of good practice, within the Group, in compliance with the MCCG 2021.

Dividend Policy

Due to the current economic volatility and uncertainty, it is essential for the Group to exercise caution in managing its cash flow position in order to ensure the Group's long-term viability and overall performance. The Board does not recommend the declaration of dividends for the FYE2022.

Prospects

According to the revised Malaysian Budget 2023, the Malaysian economy is expected to achieve a Gross Domestic Product ("GDP") growth rate of 4.5%. This projection is bolstered by a more positive outlook for the property market in 2023, as evidenced by the increased transactional activities observed last year in comparison to the pandemic years. Recent developments, such as the postponement of an interest rate hike by the central bank, streamlined approval processes for foreign labour, and the reopening of China's borders, have contributed to an overall improvement in market sentiment and consumer spending.

Moving forward, the Group will maintain its focus on the property market, specifically on landed residences and affordably priced commercial products situated in strategic and desirable locations. This aligns with the Group's plan to reinforce its sales pipelines and make structural improvements in pursuit of operational excellence. While the Group remains optimistic about the prospects of its upcoming new property development launch, due to its strategic location, attractive pricing, and desirable features, it will continue to monitor the market situation. However, the Group recognises that uncertainties and challenges may persist in the next financial year for the property sector, including the possibility of rising interest rates and geopolitical concerns.

Acknowledgement

On behalf of the IWCity Board of Directors, I would like to express our gratitude to our shareholders, employees, customers, and other stakeholders for their continued support throughout the year. In the year of 2022, we bid farewell to Mr Wong Khai Shiuan, our Executive Director cum Chief Executive Officer. On behalf of the Board, I would like to thank him for his invaluable contributions for the past tenures he has with the Company. During the year, we welcome Mr Lim Chen Herng to join us on the Board as the Executive Director, from his former role as alternate director.

This Year, Mr Bernard Hilary Lawrence, our Independent Non-Executive Director has also resigned to pursue his other interest. On behalf of the Board, I would like to thank him for his invaluable contributions to the Company, the Board of Directors and the various Committees which he has served over the past 12 years. We also welcome Mr Chin Wai Kit to join us on the Board as the Independent Non-Executive Director. I would like to also record my appreciate to my fellow Board members for their dedication, commitment, valuable advice, and contribution to the Board which has constructively resulted in an effective body to realise the Vision and Mission of the Group.

As previously stated, the Board remains confident in the Group's ability to meet its business obligations and anticipates a more favorable financial result in the coming year. We continue to be motivated by your faith in us and look forward to reaching new heights together.

Thank you.

DATO' HJ AYUB BIN MION
Chairman of Iskandar Waterfront City Berhad
Dated : 20 April 2023

MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to present the Management Discussion and Analysis ("MD&A") for the financial year ended 31 December 2022 ("FYE2022") presenting the highlights of Iskandar Waterfront City Berhad ("IWCity" or "the Group") as we navigated the challenges of the year to remain committed in our pursuit to be a premier property developer.

Introduction

IWCity is a prominent investment holding company with subsidiaries involved mainly in property development, land banking, and construction. We are the largest waterfront land owners in Eastern Johor Bahru, and our ultimate goal is to become a leading integrated property player focusing on community living and quality development. Over the years, the Group has completed and sold numerous residential and commercial properties, and we have also constructed thousands of low-cost homes that have benefited the Johorean community greatly.

The Group's primary focus is on landed township development products. Our current flagship project is the Danga Sutera, a gated and guarded mixed development project that features 645 landed residential units with clubhouse facilities and a commercial plot for future development. This project is located within the matured Skudai enclave, which is a well-established residential and commercial township with comprehensive neighborhood amenities.

Apart from Danga Sutera, the Group is also undertaking the Botanika project, which features 792 condominium units and 40 waterfront villas constructed on a 12-acre site fronting the Tebrau River in Bakar Batu, approximately 7km east of the City Centre.

IWCity remains committed to providing our customers with high-quality and sustainable living solutions. Our team continuously monitors the property market and incorporates innovative designs and technologies to ensure our developments meet the evolving needs of our customers.

Review of the Group's Business and Operations

During the year, the success of the vaccination programme contributed to the resumption of business activities and the reopening of borders, boosting employment rates back to close to pre-pandemic levels. This bolstered optimism towards the property landscape stimulating purchase activities.

To keep selling prices competitive, we compromised on margins, further compressed by increasing inflation, the cost of building materials and labour. Nevertheless, the macroeconomic challenges presented opportunities for sales as buyers turned to property investment to hedge against the high inflation. Johor registered the highest number of property overhangs in the country, but the reopening of the Malaysia - Singapore border renewed interest in Johor properties, especially in Danga Sutera due to its prime location and also its proximity to the causeway. Additionally, Singapore's increase in Buyer's Stamp Duty and Additional Buyer's Stamp Duty in Singapore, is likely to further spur potential interest in purchasing properties among Singaporean citizens and permanent residents.

With activities concentrated in the growth zone of the Iskandar Region in Johor, the Group's property development projects are largely centred at Danga Sutera, Skudai and Botanika, Tebrau Bay. The first phase of Danga Sutera, comprising 525 units has been completed and fully sold, except for 19 Bumiputera units which has just obtained the Bumiputera release in January 2023. Phase 2 of the project recommenced in December 2022 and is expected to deliver vacant possession in the 3rd Quarter of 2023 ("3Q2023"), driving an uptick in sales expectation that 70% of the international units will be taken up. Parcel 1 of the third phase comprising 42 Semi-Detached houses will be launched in February 2023, encouraged by approximately 80% international sales booking rate, while Parcel 2 will see the launch of another 42 units by 3Q2023.

At the Botanika development, 95% of international units at Tower C has been sold, with only 11 international units and 20% of Bumiputera units remaining. While awaiting the release approval, we are still pushing sales for the Bumiputera lots. Over at Tower B, 55% of the international units have been taken up, with vacant possession expected to be delivered by 3Q2023. In view of the prevailing oversupply of high-rise development in the market, the Group has decided to wait for a more opportune time to launch the project's third tower, Tower A and Town Villa.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Review of the Group's Business and Operations (Cont'd)

Other than the above launching of Danga Sutera, the Group intends to, in the coming year launch another new project - Danga Rivera, a 16-acre of commercial land situated at Plentong right beside East Coast Parkway comprising mainly of commercial shop offices.

While the reconvening of people for events has resumed, the Group remains steadfast in progressing its digitalisation efforts to explore multiple sales channels to garner leads and increase brand awareness. On-site launching events and exhibitions in malls have been stepped up to reach the market while retaining the reach of virtual exhibitions. The Group also actively explores collaboration with sales agencies and financial institutions to leverage their multiple sales channels and consultation on end-financing.

The Group believes that an organisation guided by strong corporate governance upholds integrity wherein we have ensured the best observation and practice of corporate governance pursuant to the Malaysian Code on Corporate Governance 2021 as well as the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements. In addition, we continue to preserve our integrity, governance and anti-corruption framework pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 by continuing to comply with our Anti-Bribery and Corruption Policy and our Whistle-Blowing Policy. The Group is always committed to conducting its business in a legal, ethical and responsible manner in compliance with all prevailing applicable laws, regulations and guidelines.

The highlights of the IWCity Group's financial information for the past 5 financial years are as follows:

	<--------------------Financial year ended 31 December-------------------->				
	2022 **RM'000**	**2021** **RM'000**	**2020** **RM'000**	**2019** **RM'000**	**2018** **RM'000**
Revenue	92,358	18,001	108,247	219,048	122,058
(Loss)/Earnings before interest, taxes, depreciation and amortisation ("EBITDA")	(1,839)	(13,609)	22,891	19,942	4,306
Finance costs	22,481	18,175	22,475	23,550	20,585
(Loss)/Profit before tax	(23,617)	(31,197)	1,518	(2,496)	(15,066)
(Loss)/Profit attributable to equity holders	(32,205)	(27,929)	(1,677)	(4,052)	(9,186)
Net assets ("NA")	744,828	777,033	765,024	766,701	770,753
Total assets	1,460,499	1,551,308	1,576,665	1,878,600	1,819,945
Borrowings	123,948	169,351	187,149	251,447	238,172
Liabilities/Equity (times)	0.96	1.00	1.06	1.45	1.36
(Loss)/Earnings per share (sen)	(3.50)	(3.13)	(0.20)	(0.48)	(1.10)
NA per share (sen)	81	84	91	92	93
Dividend per share (RM)	-	-	-	-	-

Highlights of IWCity's share prices traded on the Main Market of Bursa Securities for the past 5 financial years are as follows:

	<--------------------Financial year ended 31 December-------------------->				
	2022 **RM'000**	**2021** **RM'000**	**2020** **RM'000**	**2019** **RM'000**	**2018** **RM'000**
Year high	0.400	0.575	0.93	1.09	1.45
Year low	0.230	0.295	0.28	0.44	0.37
Year close	0.270	0.320	0.58	0.88	0.42
Market capitalisation (as at the financial year end) (RM'000)	248,705	294,761	481,499	736,902	351,703

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Project Highlights I Ongoing Launches

Artists' impressions/photos and information of our ongoing projects located in Danga Sutera, Johor Bahru are as follows:

Type		Size	No. of Units	Gross Development Value
2-Storey Semi Detached / Bungalow Lot	Phase 2	43' x 85'	16	RM 27.7 mil
	Phase 2	43' x 70'	18	RM 29.2 mil
	Phase 2	Bungalow Lot	2	RM 2.2 mil
	Phase 3a	40' x 80'	28	RM 46.7 mil
	Phase 3a	40' x 85'	14	RM 23.4 mil

Review of Financial Results and Financial Conditions

For the financial year ended 31 December 2022, the Group recorded a higher revenue of RM 92.36 million (FYE2021: RM 18.00 million) attributed to the better sales contribution from its property segment. With better revenue, loss before tax was lower at RM 23.62 million compared to RM 31.20 million incurred during the previous financial year.

In the financial year under review, the Group sold a 5.581-acre parcel of freehold vacant land located in Mukim of Pulai, District of Johor, for RM 53.24 million. Notwithstanding the land sale, IWCity's improved performance in FYE2022 comes from the increased sales at Danga Sutera Project.

The property segment experienced a revenue increase of RM 76.97 million, registering RM 94.58 million in this financial year and remains as the main contributor of the Group's revenue. The property segment has also recorded segment profit of RM3.24 million in FYE 2022. Meanwhile for the construction segment, the revenue has decreased RM2.19 million and recorded a negative revenue of RM1.8 million due to reversal of construction revenue upon finalisation of the construction projects. Despite with the negative revenue recorded, the construction segment has recorded a lower loss of RM2.55 million compared to RM2.89 million in previous year.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Review of Financial Results and Financial Conditions (Cont'd)

As at 31 December 2022, the Group has total assets of RM 1.46 billion and total liabilities of RM 0.72 billion. This is compared to total assets of RM 1.55 billion and total liabilities of RM 0.77 billion in the previous financial year. The decrease in total assets and total liabilities of the Group was related to the disposal of land and the decrease in the debt.

During the year, borrowings reduced from RM 169.35 million to RM 123.95 million as at 31 December 2022, while payables reduced by 4.7% or RM 23.16 million contributing to an increase in gearing ratio of 43.70% (FYE2021: 44.35%).

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

Key Risks and Mitigation Measures

i. Business risks

Property development is susceptible to certain business risks that are inherently associated with the industry. These risks include, but are not limited to, shifts in the general economic conditions, changes in government regulations, inflation, competition from existing players and new entrants, a shortage of labour for the completion of projects, disruptions in the supply of building materials, disease outbreaks, the non-renewal of licenses, and risks relating to the financing of projects.

Despite what has been stated, the Group continues to limit and mitigate these risks by implementing prudent business strategies, continuously reviewing the operations and marketing strategies, making efforts to improve efficiency, and closely monitoring the development projects that are being undertaken. There is no assurance that any of these risks will not adversely impact the Group.

ii. Strategic Landbank

Land reclamation has been an ongoing process for the Group due to the fact that a significant portion of its landbank consists of waterfront properties. It is important to note that most of the 228-acre in Plentong that the government has alienated to IWCity are submerged and will require extensive reclamation efforts. The Group may be exposed to operational risks during the course of land reclamation, such as unstable soil conditions post-reclamation, which may result in land erosion or cave-in. Such incidents could result in significant financial losses for the Group in addition to potential reputational harm.

Despite this, the Board is optimistic as the Group has the expertise to ensure the timely and proper completion of the necessary reclamation works. In addition, the Board will strive to secure the required approvals, and the Group has already started working with reputable construction and reclamation companies with the knowledge and experience to carry out the necessary projects.

iii. Delays in commencement and completion

The timely completion of property development projects is contingent on a number of external factors, such as obtaining the necessary approvals from the relevant authorities including land offices, planning authorities and local councils as scheduled, securing construction materials in adequate amounts and the satisfactory performance by appointed contractors.

The capability to carry out projects in a timely and cost-effective manner is contingent upon managing the impact of external factors that are beyond the Group's control. Our property development projects will be negatively affected if the Group's third-party subcontractors experience delays in the construction of the property development projects under their purview.

In order to avoid this, the Group makes it a priority to monitor the progress made by its subcontractors as well as the overall development projects they are working on to meet their goal of completing the development projects on time.

iv. Cost of material and development projects

Materials used in the Group's development projects generally account for a significant portion of the development cost. These are global commodities, and their availability and prices are determined by local and global market conditions. The volatility of fuel prices, the revision of electricity tariffs, and the government's price control measures and additional taxes have added further uncertainty to the costs incurred by property developers. As building materials are crucial elements in the construction of buildings, structures and infrastructures, price fluctuations will have an impact on the Group's cost and profitability, particularly in projects where the selling prices of the Group's development properties are fixed.

MANAGEMENT DISCUSSION AND ANALYSIS CONT'D

Key Risks and Mitigation Measures (Cont'd)

iv. Cost of material and development projects (Cont'd)

In the event that the Group has already launched a project and the cost of raw materials exceeds its budgeted costs, the Group would be faced with reduced profit margins. Any material adverse fluctuation in transportation and material costs will also affect the Group's profit margins, and there is a risk that the Group is unable to pass on any increased costs to purchasers of the Group's development properties. However, all precautions are taken to mitigate this risk.

v. Financing and interest rate

Working capital for development and construction activities may be partially funded by interest-bearing bank borrowings for the Group. As a result, future interest rate fluctuations could have a significant impact on the Group's interest and principal payments. There can be no assurances that adverse changes in interest rates will not have an impact on the Group's performance.

Regardless of the foregoing, the funds available to the Group are expected to be sufficient to meet the Group's financial obligations.

vi. Global pandemic outbreak

While the coronavirus or Covid-19 outbreak brought the world to a halt in 2020, the Group is cautiously optimistic about the recovery made by nations after the pandemic. Although times were tough during the pandemic years, where the outbreak severely impacted operations, increasing pressure on supply and demand as well as causing business sentiment to plummet, we see reversals of fortune in the current endemic year under review. With the country transiting into the endemic phase of Covid-19 in year 2022, the property market is slowly picking up its pace back to the right track especially with the reopening of the Johor-Singapore Border. The Group remains cautious about such risks and stays alert and is prepared to deal with the aftermath of the pandemic.

In view of the above, our Group continues to prioritise worker safety, health and well-being by putting the necessary safeguards in all of our offices and sales galleries. We continue to advocate the use of face masks within the organisation and for external visitors, retain the hand sanitiser stations, emphasise cleaning and sanitising of the premises, recommend isolation for employees who tested positive for Covid-19, limit our gatherings or events and trainings, offer hybrid meetings via virtual platforms including the Annual General Meeting, Board and management meetings.

Forward-looking statement

The Group remains committed to the property development segment and will continue to launch new projects. Efforts to promote our developments include participating in property home fairs, engaging more property agents, and introducing 360 virtual property tours to convert interest into sales.

The Malaysian economy is projected to grow by 4.5% based on the revised Malaysia Budget 2023, and the property market is expected to be more positive in 2023 due to increasing transactions. Recent positive developments, such as the central bank postponing interest rate hikes, ease in foreign labour approval time and requirements, and China's border reopening, are contributing to market sentiment and consumer spending improvements. Further, the re-tabled Budget 2023 announced the setting up of a Special Financial Zone ("SFZ") to strengthen Iskandar Malaysia's growth as well as to offer attractive and competitive packages to attract global investors and talents may boost commerce and foreign investment while also creating additional job possibilities in Iskandar Malaysia. This could result in higher demand for homes in Johor.

The Group will focus on landed residences and affordable commercial products in strategic and desirable locations. This is in line with our plan to reinforce our sales pipelines and achieve operational excellence through structural improvements. We will continue to monitor the market situation and are optimistic about our upcoming new property development launch, which features strategic location, attractive pricing, and good products and features.

However, we acknowledge that uncertainties and challenges may arise in the next financial year for the property sector, such as rising interest rates and geopolitical uncertainties.

DIRECTORS' PROFILES CONT'D

DATO' HJ. AYUB BIN MION
(Independent Non-Executive Chairman)

Nationality: **Malaysian** Gender: **Male** Age: **76**

Dato' Ayub was appointed to the Board on 3 March 2004 as Non-Independent, Non-Executive Director and was then re-designated as Independent Non-Executive Director on 28 January 2014. He graduated with a Bachelor of Arts (Hons.), Degree from University Malaya in 1970. He joined the Johor State Civil Service on 14 June 1970 and served the Land Administration for 17 years. His last post was Deputy Director of Land and Mines, Johor, 1982-1986.

He retired as the State Secretary of Johor. Upon his retirement in 2003, he was appointed as Development Advisor to the State Government. At the same time, he was appointed as the Chairman of Cahaya Jauhar Sdn Bhd, a joint venture company between the State Government and UEM Land Sdn Bhd. The company was responsible for planning and developing 'Kota Iskandar', the New Administrative Centre of Johor in Iskandar Puteri.

Dato' Ayub was appointed to QSR Brands Berhad and KFC Holdings (Malaysia) Berhad's Board from 2011 till 2013. He also holds directorship in several private limited companies.

Dato' Ayub does not have any family relationships with any Director and/or major shareholder of the Company.

TAN SRI DATO' LIM KANG HOO
(Executive Vice Chairman)

Nationality: **Malaysian** Gender: **Male** Age: **68**

Tan Sri Dato' Lim was appointed to the Board on 3 July 2012. He was then appointed as Executive Vice Chairman on 14 August 2012.

Tan Sri Dato' Lim is a Malaysian business magnate and entrepreneur with more than 49 years of experience and has interests in a variety of businesses including construction, master development, property development and investment, plantations and trading of building materials. He started his involvement in the construction industry soon after having a few years of his secondary education, assisting the family construction business.

Tan Sri Dato' Lim has the visions, dynamisms and he provides strategic advice to the overall business directions of our Group. Over the past years, he has instrumental to the rapid growth of the various company which he helms under his leaderships.

At present, he is the Group Executive Chairman of Ekovest Berhad, and an Executive Vice Chairman of PLS Plantations Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad and also a Director of several other private limited companies. His vast experience in the construction industry had been instrumental to the growth and development of the Iskandar Waterfront Holdings Group.

Tan Sri Dato' Lim is the father of Mr. Lim Chen Herng. He is also the uncle of Datuk Lim Keng Guan.

DIRECTORS' PROFILES CONT'D

MR. LIM CHEN HERNG
(Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **36**

Mr. Lim Chen Herng was appointed to the Board as alternate director to Tan Sri Dato' Lim Kang Hoo on 8 July 2015. He was then appointed as Executive Director on 1 July 2022.

He graduated with a Bachelor of Science (Honours) in Business Management from Royal Holloway and Bedford New College, University of London, United Kingdom in 2008. He has been with the family business since his graduation, with management exposure in the property development, construction, finance, oil & gas and plantation sectors.

He also sits on the Board of several private limited companies, most notably the master developer Iskandar Waterfront Holdings Sdn Bhd, one of the substantial shareholders of Iskandar Waterfront City Berhad. At present, he is the Group Executive Director of Iskandar Waterfront Holdings Sdn Bhd where he oversees the Group's business development, financial performance, investment, divestment and other business ventures. Besides, he is also sitting on the Board of Knusford Berhad as an Executive Director and acting as Alternate Director to Tan Sri Dato' Lim Kang Hoo in PLS Plantations Berhad, both of which are public companies listed on the Main Market of Bursa Malaysia Securities Berhad.

He is a son of Tan Sri Dato' Lim Kang Hoo and cousin of Datuk Lim Keng Guan.

DATUK LIM KENG GUAN
(Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **59**

Datuk Lim was appointed to the Board on 5 July 2013.

Datuk Lim holds a Diploma in Quantity Surveying and has acquired more than 30 years of in-depth commercial experience in property development, construction and related activities. This includes building and civil engineering works, design and build, turnkey projects, trading in building materials, reconditioning and rental of machinery.

He was previously Project Director of PLS Plantations Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. In the year 2000, he joined the Iskandar Waterfront Holdings ("IWH") Group of Companies and was appointed Group Head of Procurement and Contract Administration where he was instrumental in the extensive upgrading and reclamation works carried out by the IWH Group of Companies. Datuk Lim is presently the Executive Vice Chairman of Lim Seong Hai Capital Berhad ("LSH Group"), which is listed on the LEAP Market of Bursa Malaysia Securities Berhad. In addition, he is Executive Chairman of Lim Seong Hai Holdings Sdn Bhd, which is the ultimate holding company of LSH Group. He also holds directorships in other private limited companies.

Datuk Lim is the nephew of Tan Sri Dato' Lim Kang Hoo and cousin to Mr. Lim Chen Herng.

DIRECTORS' PROFILES CONT'D

DATO' LUKMAN BIN ABU BAKAR
(Non-Independent Non-Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **56**

Dato' Lukman bin Abu Bakar was appointed to the Board of Iskandar Waterfront City Berhad on 10 September 2021.

He holds a Bachelor of Arts (Honours) Public Administration Degree from Nottingham Trent University, United Kingdom and later obtained his Masters in Business Administration (Strategic Management) from International Business School, Universiti Teknologi Malaysia (UTM).

He started his career as a Public Relations Officer at Universiti Teknologi Malaysia in October 1993 before joining the Johor Civil Service in June 1995. Throughout his year 21 years of career in the public sector, he has held posts as Assistant Director (Privatization), Johor State Economic Planning Unit ("UPENJ"), Secretary for Development and Chief Private Secretary to the Chief Minister of Johor, District Land Administrator of Kulaijaya and Deputy Director II (Macro & Privatization) in UPENJ.

His first foray into the private sector started when he was hand-picked to lead a State GLC, Permodalan Darul Takzim Sdn Bhd ("PDT") as its Acting Chief Executive Officer on May 2014. He then officially took the helm as the Chief Executive in January 2017. Dato' Lukman was instrumental in reenergizing PDT. Under his visionary leadership, PDT Group embarked into expansion and diversification, bolstering the Group's worth to more than RM628 million from RM12 million. Dato' Lukman joined Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ") on 1 September 2021 to succeed the Chief Executive Officer position. During his tenure, KPRJ recorded profit of RM149.16 million in 2022.

He does not have any family relationship with any Director or substantial shareholder of the Company.

MR. LIM FOO SENG
(Independent Non-Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **53**

Mr. Lim Foo Seng was appointed to the Board of Directors of Iskandar Waterfront City Berhad on 11 October 2013.

He is a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He started his career in Deloitte Kassim Chan, an international accounting firm, from 1989 till 1995. Thereafter, he joined Arab-Malaysian Corporation Berhad ("Amcorp") in 1995. During his tenure in Amcorp, he held various senior management positions and served as a board member for numerous subsidiaries of Amcorp. He left Amcorp in 2003 where his last position with Amcorp was a Chief Financial Officer ("CFO") of MCM Technologies Berhad, a subsidiary company of Amcorp which was formerly listed on the then MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia"),

He joined Quest Technology Sdn Bhd ("Quest") in 2003 as a CFO and subsequently, from 2005 to 2008, he was the Executive Director cum CFO for Quest's immediate holding company, Ruby Quest Berhad, a company listed on the then MESDAQ Market of Bursa Malaysia. From 2008 to 2009, he was an Executive Director of Asia Bioenergy Technologies Berhad, a company listed on the then MESDAQ Market of Bursa Malaysia. From 2008 to 2009, he was an Executive Director of Asia Bioenegery Technologies Berhad, a company listed on the then MESDAQ Market of Bursa Malaysia. Thereafter in late 2009, he set up and co-owned an investment holding company in which he subsequently disposed of his stakes and resigned as director in 2011. Between 2011 and 2013, he was the Head of Strategic Planning for Aivoria Group Sdn Bhd and in 2014, he joined Winn Worldwide Sdn Bhd until 2017 as Chief Strategy Officer.

Currently, he is the Chief Strategy Officer of Nova Pharma Solutions Bhd, a company involved in the provision of engineering services for pharmaceutical and biotechnology industries and listed on the LEAP Market of Bursa Malaysia.

He was appointed as Non-Independent Non-Executive Director of Econframe Berhad and Independent Non-Executive Director of Knusford Berhad on 1 February 2021 and 4 December 2013 respectively, both of which are public companies listed on Bursa Malaysia.

He does not have any family relationship with any Directors and/or substantial shareholders of the Company.

DIRECTORS' PROFILES CONT'D

MR. CHIN WAI KIT
(Independent Non-Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **44**

Mr. Chin Wai Kit was appointed to the Board on 1 April 2023. He graduated with an Advanced Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University of Management and Technology) in May 2002 and obtained his Association of Chartered Certified Accountants (ACCA) qualification in June 2003.

He is a Fellow of the Association of Chartered Certified Accountants (FCCA) since July 2007, Chartered Accountant registered with the Malaysian Institute of Accountants (MIA) since March 2008, Associate Member of Chartered Tax Institute of Malaysia (ACTIM) since August 2009, Chartered Tax Practitioner since June 2012 and ASEAN Chartered Professional Accountant certified by the ASEAN Chartered Professional Accountants Coordinating Committee (ACPACC) since November 2018.

He began his career with Accpro Corporate Services Sdn Bhd in January 2003 as an Account cum Audit Assistant where he was responsible for the accounting and auditing of the financial statements of various companies. In September 2003, he joined PCCO Tax Services Sdn Bhd as a Tax Associate where he assisted the preparation of tax computations for individuals, partnerships and companies in the various industries including trading, manufacturing and constructions sectors. In January 2007, he took on the role of Tax Manager where his responsibilities and portfolio were expanded to include advisory works on tax incentives and exemptions, tax risks management, transfer pricing and provide training and update on tax laws, tax regulations and tax developments to his team members, clients and public. Mr. Chin also equipped with vast experience in dealing and managing tax audit and tax investigation works across a wide range of industries comprises of small medium enterprises, listed companies, multinational companies and high net worth individuals. He was promoted to Tax Director in July 2010 and he is a licensed tax agent and licensed GST agent approved by the Ministry of Finance. Presently, he is a Tax Partner and shareholder of PCCO Group.

He is currently a director of several other private limited companies in Malaysia.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

MS. KANG HUI LING
(Independent Non-Executive Director)

Nationality: **Malaysian** Gender: **Female** Age: **51**

Ms. Kang Hui Ling holds a Bachelor of Accounting (Hons) Degree from University of Malaya in 1997. She is a member of the Malaysian Institute of Certified Public Accountant and the Malaysian Institute of Accountants. Since her graduation, she acquired 4 years of audit experience in one of the Big Four audit firms. As audit senior associate, she also gained exposure in fields of operation audit and financial due diligence. Subsequently, she joined a medium sized multinational consultancy firm as the Finance and Admin Manager where she was responsible for establishing and implementing the company's accounting and operating policies and procedures. She is presently attached to a group of professional firms specialising in assurance, corporate advisory, tax compliance and accounting services as an Associate Director.

She is currently the Senior Independent Non-Executive Director of Ekovest Berhad and also the Independent Non-Executive Director of PLS Plantations Berhad, both of which are public companies listed on Main Market of Bursa Malaysia Security Berhad.

She does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

DIRECTORS' PROFILES CONT'D

KHAIRUDDIN BIN HASAN

(Alternate Director to Dato' Hj. Lukman bin Abu Jari @ Abu Bakar)

Nationality: **Malaysian**

Gender: **Male**

Age: **50**

En. Khairudin was appointed to the Board on 13 April 2023, as alternate director to Dato' Hj. Lukman Bin Abu Jari @ Abu Bakar. He holds a Bachelors' Honours Degree in Accounting & Finance from Lancaster University, United Kingdom. He is also a Certificated Charted Accountant (ACCA) and a member of Malaysian Institute of Account (MIA).

En. Khairudin bin Hasan currently hold the position as Chief Financial Officer in Kumpulan Prasarana Rakyat Johor Sdn Bhd ("KPRJ"). Prior to joining KPRJ, En. Khairudin served Tebrau Teguh Berhad ("TTB") (currently known as Iskandar Waterfront City Berhad) a Public Listed Companies as Head of Corporate and Finance Division and he left TTB in 2012. He has more than 20 years of experience in Corporate and Finance and began his career as Accountant in one of Johor Corporation subsidiaries in 1996. At present, he is an alternate director of Iskandar Investment Berhad and also holds directorships in several other private limited companies.

En. Khairudin does not have any family relationships with any Director and/or major shareholder of the Company.

CONFLICT OF INTEREST

There is no conflict of interest between the Directors and the Group except for the recurrent related party transactions where the Directors have interest, as disclosed in the Note 32(b) of the Audited Financial Statements.

CONVICTION FOR OFFENCES

None of the Directors have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

KEY SENIOR MANAGEMENT'S PROFILES CONT'D

TAN SRI DATO' LIM KANG HOO
(Executive Vice Chairman)

Nationality: **Malaysian** Gender: **Male** Age: **68**

Tan Sri Dato' Lim was appointed to the Board on 3 July 2012. He was then appointed as Executive Vice Chairman on 14 August 2012.

Tan Sri Dato' Lim is a Malaysian business magnate and entrepreneur with more than 49 years of experience and has interests in a variety of businesses including construction, master development, property development and investment, plantations and trading of building materials. He started his involvement in the construction industry soon after having a few years of his secondary education, assisting the family construction business.

Tan Sri Dato' Lim has the visions, dynamisms and he provides strategic advice to the overall business directions of our Group. Over the past years, he has instrumental to the rapid growth of the various company which he helms under his leaderships.

At present, he is the Group Executive Chairman of Ekovest Berhad, and an Executive Vice Chairman of PLS Plantations Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad and also a Director of several other private limited companies. His vast experience in the construction industry had been instrumental to the growth and development of the Iskandar Waterfront Holdings Group.

Tan Sri Dato' Lim is the father of Mr. Lim Chen Herng. He is also the uncle of Datuk Lim Keng Guan.

DATUK LIM KENG GUAN
(Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **59**

Datuk Lim was appointed to the Board on 5 July 2013.

Datuk Lim holds a Diploma in Quantity Surveying and has acquired more than 30 years of in-depth commercial experience in property development, construction and related activities. This includes building and civil engineering works, design and build, turnkey projects, trading in building materials, reconditioning and rental of machinery.

He was previously Project Director of PLS Plantations Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. In the year 2000, he joined the Iskandar Waterfront Holdings ("IWH") Group of Companies and was appointed Group Head of Procurement and Contract Administration where he was instrumental in the extensive upgrading and reclamation works carried out by the IWH Group of Companies. Datuk Lim is presently the Executive Vice Chairman of Lim Seong Hai Capital Berhad ("LSH Group"), which is listed on the LEAP Market of Bursa Malaysia Securities Berhad. In addition, he is Executive Chairman of Lim Seong Hai Holdings Sdn Bhd, which is the ultimate holding company of LSH Group. He also holds directorships in other private limited companies.

Datuk Lim is the nephew of Tan Sri Dato' Lim Kang Hoo and cousin to Mr. Lim Chen Herng.

KEY SENIOR MANAGEMENT'S PROFILES CONT'D

MR. LIM CHEN HERNG
(Executive Director)

Nationality: **Malaysian** Gender: **Male** Age: **36**

Mr. Lim Chen Herng was appointed to the Board as alternate director to Tan Sri Dato' Lim Kang Hoo on 8 July 2015. He was then appointed as Executive Director on 1 July 2022.

He graduated with a Bachelor of Science (Honours) in Business Management from Royal Holloway and Bedford New College, University of London, United Kingdom in 2008. He has been with the family business since his graduation, with management exposure in the property development, construction, finance, oil & gas and plantation sectors.

He also sits on the Board of several private limited companies, most notably the master developer Iskandar Waterfront Holdings Sdn Bhd, one of the substantial shareholders of Iskandar Waterfront City Berhad. At present, he is the Group Executive Director of Iskandar Waterfront Holdings Sdn Bhd where he oversees the Group's business development, financial performance, investment, divestment and other business ventures. Besides, he is also sitting on the Board of Knusford Berhad as an Executive Director and acting as Alternate Director to Tan Sri Dato' Lim Kang Hoo in PLS Plantations Berhad, both of which are public companies listed on the Main Market of Bursa Malaysia Securities Berhad.

He is a son of Tan Sri Dato' Lim Kang Hoo and cousin of Datuk Lim Keng Guan.

MR. YAP MEOW HIN
(Deputy Chief Executive Officer)

Nationality: **Malaysian** Gender: **Male** Age: **60**

Mr. Yap Meow Hin was confirmed and appointed as the Deputy Chief Executive Officer on 1 April 2023.

Mr. Yap holds a Bachelor of Engineering (Civil & Structural) from the National University of Singapore in Year 1988. He began his career in Singapore and return to Malaysia in 1993 where he has taken up various positions in pivate and listed companies. Mr Yap has held the position of Chief Operating Officer ("COO") at Iskandar Waterfront Holdings Sdn. Bhd. from 2013 to 2016 and subsequently joined Malton Berhad as COO, Johor in 2016.

He has acquired more than 34 years of in-depth experience in property development, construction and property management . This includes development of townships, theme parks and golf courses, building and civil engineering works, design and build and turnkey projects.

Mr. Yap does not have any family relationship with any of the Directors and/or substantial shareholders of the Company.

CONFLICT OF INTEREST

There is no conflict of interest between the Key Senior Management ("KSM") and the Group except for the recurrent related party transactions where the KSM have interest, as disclosed in the Note 32(b) of the Audited Financial Statements.

CONVICTION FOR OFFENCES

None of the KSM have been convicted for any offences (except traffic offences) within the past 5 years or any public sanction or penalty imposed by relevant regulatory bodies during the financial year.

CORPORATE SUSTAINABILITY

SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

Introduction

Iskandar Waterfront City Berhad ("IWCity" or "the Company") is a leading property developer and builder that focuses on residential and commercial developments in Johor Bahru. The Company is committed to building sustainable developments that incorporate the key elements of quality, innovation, and customers' satisfaction. As a responsible corporate citizen, IWCity recognises the impact its business has on stakeholders, including employees, communities, and the environment. Its vision is to become a leading integrated property developer that prioritises community living and quality products, ensuring equitable shareholder returns. The Company's sustainability journey is a continuous effort. It constantly reviews its initiatives to identify potential areas for improvement while striving to positively impact its stakeholders, including employees and the communities it operates in.

Scope and Boundaries of the Sustainability Statement

This Sustainability Statement is prepared in accordance with Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("MMLR") and the Sustainability Reporting Guide 3rd Edition and is intended to provide a comprehensive report and review of IWCity's sustainability journey, covering the period from 1 January 2022 to 31 December 2022. The report covers sustainability-related strategies, initiatives, performance and achievements, including policies, practices and procedures implemented by the Group.

The scope of this report is limited to the sustainability progress and impact of all business operations and initiatives carried out by IWCity and its subsidiaries (collectively known as "the Group") in Johor Bahru.

The Group's commitment to sustainability is an ongoing and unwavering effort. Although the Group has made notable progress in its sustainability journey thus far, it continues to seek ways to enhance its performance by examining its initiatives across all operations, identifying opportunities for improvement, and striving to create a positive impact on stakeholders, including employees and the communities where it operates.

Governance Structure

The Board actively oversees the Group's sustainability performance and provide guidance towards maintaining sustainable operations. Sustainability has become a recurring agenda and strategy, of which the governance structure has been endorsed and approved by the Board as presented as follows:

To improve efficiency, rather than creating a separate committee for sustainability, the Audit and Risk Management Committees have collaborated to support the Board in developing and implementing sustainable practices within the Group. Their roles and responsibilities encompass advising and recommending sustainable business strategies, monitoring their implementation, suggesting policies for adoption and overseeing stakeholder engagement and sustainability management.

While these committees provide guidance, incorporating sustainability into IWCity's corporate culture requires strong leadership. Therefore, integrating sustainability into business strategies and decisions falls to our Executive Vice Chairman ("EVC"), Executive Director ("ED") and Chief Executive Officer ("CEO") (collectively, "Management"). Supporting them in execution is the Sustainability Working Group ("SWG"), which comprises department heads and managers. The SWG updates the Management on sustainability programs and initiatives undertaken throughout the year.

ENGAGING OUR STAKEHOLDERS

Recognising the significance of stakeholder engagement in meeting their expectations, we work to strengthen our engagement with all stakeholders. In doing so, we have addressed and adopted material matters that align with our business strategies throughout the year.

The Group prioritises stakeholder engagement, regulatory compliance, and maintaining strong relationships with vendors and suppliers. As such, we ensure the availability of all material corporate information on our corporate website as well as Bursa Securities website, engage with customers through various platforms and comply with regulations and monitor transparent governance practices.

We also maintain strong relationships with vendors and suppliers by implementing standard operating procedures. Regular stakeholder engagement allows us to understand the concerns and expectations of our key stakeholders.

The table below highlights engagement activities with our key stakeholders:

Stakeholder	Expectations & Interests	Engagement Methods	Frequency of Engagement
Investors	Financial performance Sustainable financial returns Business strategy Corporate governance	Annual general meetings Annual reports Quarterly financial reports Corporate website	Annual Annual Quarterly As an when necessary
Customers	Good relationship rapport Ensure timely service and product delivery Resolving complaints efficiently Compliant to health and safety standard operating procedure ("SOP") when attending meetings	Actively engage and build relationships Regular meetings and feedback Participation in industry networking events	As and when necessary
Local Communities	Impact of operations Interaction with local communities Building good relationships	Corporate Social Responsibility	As and when necessary
Regulatory Agencies	Compliance with corporate governance Compliance with all local laws and regulations Compliance with labour, environmental and health & safety regulations	Annual reports Compliance to relevant government laws and regulations Participation in seminars and information sessions conducted by the authorities	Annual Always As and when available
Suppliers	Transparent procurement practices & pricing Regular payment schedule Timely delivery	Timely payments Vendor registration (as needed) Contract engagement (as needed)	Committed As and when necessary

SUSTAINABILITY STATEMENT CONT'D

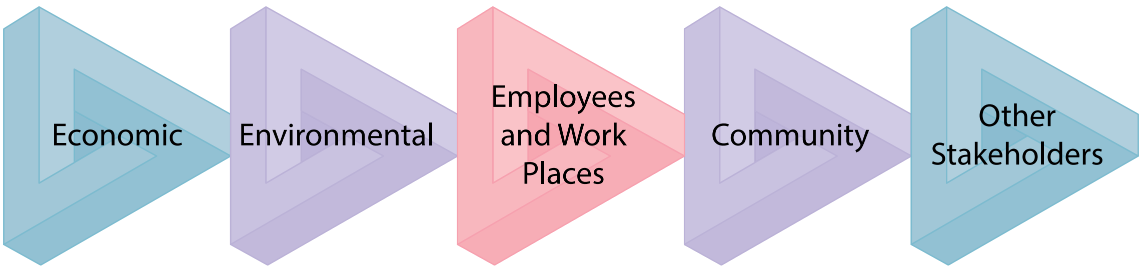
ENGAGING OUR STAKEHOLDERS (CONT'D)

The table below highlights engagement activities with our key stakeholders (Cont'd):

Stakeholder	Expectations & Interests	Engagement Methods	Frequency of Engagement
Industry Peers	Industry best practices	Participation in industry networking events	As and when available
Employees	Training and development Occupational health and safety	Training and development programmes Safety training and awareness	As and when necessary/ needed As and when necessary

MATERIAL SUSTAINABILITY MATTERS

We conducted a materiality assessment in 2022 to identify and evaluate significant sustainability matters. The SWG had previously identified the following potential sustainability matters:



The SWG has identified the following as significant economic, environmental, and social impacts of IWCity. The Board has approved these material matters.

ECONOMIC

IWCity is committed to sustainable economic performance and is dedicated to achieving long-term growth and prosperity for all stakeholders. As a property developer and infrastructure construction company, we play a crucial role in driving economic growth and creating job opportunities. Our focus on sustainable economic performance involves striking a balance between economic growth and environmental and social responsibility. We believe that our success is closely tied to the economic prosperity of the communities we serve, and we remain dedicated to creating value and contributing to the sustainable development of Malaysia.

Anti-Corruption and Ethical Business Practices

The Group places the utmost importance on maintaining the highest standards of business conduct, which includes upholding integrity and practicing good corporate governance. To this end, we have implemented an anti-bribery and anti-corruption policy that enforces our zero-tolerance approach towards corruption and bribery.

To ensure accountability and transparency, we have established a mechanism for staff and other Group members to voice concerns responsibly and effectively. Our Anti-Bribery and Anti-Corruption Policy provides guidance on recognising and dealing with issues related to corruption and bribery, and reinforces our commitment to acting honestly and ethically in all our business dealings.

We are pleased to report that for FY2022, there have been no reported incidents of corruption and bribery within the Group.

Further, to promote high corporate governance and behaviour standards, the Group has formulated a Code of Ethics that binds all its directors and employees. The Company complies with Bursa Securities' listing regulations and adheres to industry best practices.

SUSTAINABILITY STATEMENT CONT'D

ECONOMIC (CONT'D)

Supply Chain and Procurement Practices

Local procurement is a priority for us as it creates economic value and benefits local communities. As such, the Company adopts a 100% local procurement and tender process and works mainly with local based suppliers with a preference for contractors that utilises eco-friendly materials. Additionally, IWCity is dedicated to promoting fair and diversified procurement policies to create opportunities that support new suppliers and sub-contractors.

The Tender Approval Committee ensures that our procurement policies are fair and diverse, creating opportunities for new suppliers and sub-contractors to contribute to the success of our business.

Customer Satisfaction

The Group's focus on customer satisfaction and reputation remains paramount, and we continuously maintain our commitment to product quality, safety standards, and after-sales services to meet our customers' evolving expectations.

Our commitment to after-sales services is integral to ensure customer satisfaction, and we remain dedicated to provide exceptional services to our customers. Our focus on maintaining high standards in product quality and safety is a testament to our commitment to our customers, and we will continue to uphold these standards to meet their evolving needs and expectations.

Customer Service Mechanism

At IWCity, we understand the importance of promptly addressing customer complaints to ensure their satisfaction with our products and services. We have established a customer complaint mechanism that is easily accessible and efficient.

Customers can register complaints through a dedicated email address or by contacting our office sales representative, sales administrative staff, or person in charge via phone calls, messages, or email.

Our customer complaint mechanism ensures that we are responsive to our customers' needs and concerns, allowing us to improve our products and services to meet their expectations continuously. We remain committed to providing excellent customer service and strive to exceed our customers' expectations at every opportunity.

ENVIRONMENTAL

At IWCity, we are committed to preserving and protecting the environment in all of our business activities. As a responsible company, we understand the importance of incorporating environmentally friendly initiatives into our daily operations and project developments. We promote green awareness among our employees and encourage electricity and water conservation in our offices. In 2022, we are proud to report that our ongoing development projects have resulted in water usage and energy consumption of only 1.7% of our total operating expenses.

Energy Consumption and Management

While the Company does not have any specific policies related to energy consumption, we encourage energy consumption amongst our employees and we constantly monitor our energy consumption whereby any unusual deviations are immediately addressed or investigated. Additionally, lights and air-conditioning are encouraged to turn off during lunchtime and after working hours to conserve electricity. We also regularly monitor the usage of air-conditioning and lighting and make efforts to use energy-efficient equipment whenever possible.

Environmentally Friendly Practices

Our focus on environmentally friendly practices extends beyond our offices and into our development projects. We strive to minimise the environmental impact of our projects, incorporating sustainable design principles and utilising eco-friendly materials wherever possible. We are dedicated to creating a more sustainable future for Malaysia and remain committed to preserving and protecting the environment in all of our business activities.

While in our workplace, we prioritise environmental consciousness and actively engage in initiatives aimed at conserving our planet's resources. For the past few years, a major initiative implemented was to save trees by minimising printing and promoting the use of electronic documents. To further reduce paper consumption, we strongly encourage our employees to adopt double-sided printing whenever possible, which effectively cuts paper usage in half.

ENVIRONMENTAL (CONT'D)

Waste Management and Recycling Practices

IWCity recognises the significance of waste management and recycling in our projects, and we take a proactive approach to minimize construction waste and promote recycling. We ensure that our contractors follow strict waste management and recycling practices in our environmental sustainability efforts.

To further encourage environmentally friendly practices, we have established designated waste management and recycling locations in both our Danga Sutera and Botanika projects. These areas are accessible to residents, making it easier for them to participate in our waste management and recycling initiatives. We are committed to promoting sustainable living and will continue prioritising waste management and recycling in all our projects.

In addition, we seek to incorporate green elements across our developments. For example, more than 6-acre land within our Botanika development are reserved for landscaping and green space, while in our signature development, Danga Sutera has significant areas for green parks and water retention ponds.

SOCIAL

At IWCity, we understand that our people are the driving force behind our business growth. As such, we are dedicated to attracting and retaining top talent while also developing the future leaders of our organisation in line with our business continuity plans.

We firmly believe that our management style plays a crucial role in shaping the organisational culture. Thus, we strive to foster a positive work environment that encourages ethical behaviour and promotes good values among our employees.

Human Resource ("HR") Policies

As per statutory requirements, the Group is compliant with the Employment Act and we have several policies such as Employee Handbook in place, which is updated as and when necessary.

Employee Engagement

Employee engagement is an important component of our HR Policies and numerous platforms and opportunities have been established for employees to engage with the management on a regular basis. The activities which had been implemented to encourage employee engagement includes management meetings, department birthday celebrations and festive get-together luncheon. In addition, we also conduct annual performance reviews and sharing sessions. Furthemore an open-door system has been practised by us where the Head of Departments' doors are always open to any staff for discussions on issues or problems faced and the office extension list is circulated to all employees. We also encourage efficient communication with staff via phone, face to face or WhatsApp messages.

Training and Development

The Group's primary objective is to cultivate a strong and capable team, as we recognise that the success and growth of our Group rely on our employees' skills and dedication. Our human resource strategies prioritise the development of a high-performance team capable of driving the Group's productivity. We do so by providing our employees with diverse and extensive learning and development opportunities that enhance their professional and personal skills. We actively identify and address employees' training needs, bridging any knowledge or skill gaps through appropriate training. The training programs undergone by employees in 2022 are as follows:

Practical Hazard Identification, Risk Assessment & Control
Pembinaan Landskap dan Padang Permainan
Mastering Communication
Occupational Safety & Health Awareness

SUSTAINABILITY STATEMENT CONT'D

SOCIAL (CONT'D)

Workplace Diversity and Compensation

The Group recognises the significance of workforce diversity. We do not discriminate against gender, age, religion or race. Our hiring is based on qualifications and experience. We currently have 30 employees of 12 males & 17 females are permanent staff while 1 male is contract and all of them are based in Johor. In terms of age profile, 23 are between ages 30-50 years old while there were 7 who are above 50 years old. In 2022, there were 3 new hires.

IWCity's employees are fairly remunerated in accordance with market practice. Annual salary increments and bonuses are given based on the company's performance, as well as individual performance and accomplishments throughout the year. Additionally, employees receive comprehensive and competitive benefits, such as maternity leave, medical and health benefits, and allowances for phone and travel expenses. The Company also regularly monitors the latest salary trends to ensure that their remuneration packages remain competitive in the market. Furthermore, IWCity adheres to Malaysia's Minimum Wages Order 2022.

Caring for the Community/Corporate Social Responsibility ("CSR")

IWCity is committed to prioritising the community's needs while conducting its business. This commitment is demonstrated by the Company's ongoing efforts to give back to the community, particularly the disadvantaged groups, through its corporate social responsibility programs. Our CSR activities for 2022 encompasses the following:

<u>Aid and Supplies for flood relief 2022</u>

The Group donated towards flood victims affected by the recent flood. The donation provides necessities for the affected communities, such as food, shelter, and other essentials. We fully recognise the devastating impact of the floods and stand in solidarity with those suffering. By contributing to the recovery efforts, we hope to aid in the restoration and well-being of the impacted communities. Our focus on Corporate Social Responsibility is a core principle that guides our business decisions and inspires us to make a positive difference in the world.

<u>Southern University College Education Fund 2022</u>

The Group believes in supporting accessible and equitable college education for all. As part of our commitment to corporate social responsibility, we have taken a step forward by contributing to the Southern University College Education Fund 2022, which serves as an investment in society's future.

We understand the long-term impact of supporting college education, which extends far beyond the beneficiary directly benefiting from it. There is an immediate and far-reaching ripple effect that uplifts families, communities, workplaces, and the wider society.

We pledge to make college education more accessible, equitable, and affordable for all, and we are proud to contribute to this worthy cause. At IWCity, we believe that investing in education is an investment in the future, and we remain dedicated to supporting innovative and transformative initiatives that have the potential to make a positive impact on people's lives.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Iskandar Waterfront City Berhad ("Company") takes cognisance of the importance of adopting high standards of corporate governance in the Company as well as its subsidiaries (collectively, the "Group") in order to safeguard stakeholders' interests as well as enhancing shareholder value.

Pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), this Corporate Governance Overview Statement ("Statement") sets out the Company's application of the 3 Principles and the Practices as well as the observation of the Guidance as provided in, the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") issued by the Securities Commission Malaysia, for the financial year ended 31 December 2022 ("FYE2022").

This Statement is to be read with the Corporate Governance Report 2022 ("CGR"), which is made available on the Company's website at www.iwcity.com.my. Where a specific Principle or Practice of the MCCG 2021 has not been observed during the financial year, the non-observation, including reasons thereof, and the alternative practice adopted, if any, is mentioned in the CGR.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

The Board recognises its key role in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- Review, evaluate, adopt and approve the strategic plans and policies for the Group;
- Oversee and monitor the conduct of the businesses and financial performance and major capital commitments of the Group;
- Review and adopt budgets and financial results of the Group, monitor compliance with applicable accounting standards and the integrity and adequacy of accurate financial information disclosure;
- Review and approve any major corporate proposals, new business ventures or joint ventures of the Group;
- Ensure adequate measures are taken to protect all assets of the Group and maximise their potential;
- Review, evaluate and approve any material acquisitions or disposals of undertakings and assets in the Group;
- Identify principal risks and assess the appropriate risk management systems to be implemented to manage these risks;
- Establish and oversee a succession planning programme for the Group, including the remuneration and compensation policy thereof;
- Establish, review and implement corporate communication policies with the shareholders, investors, other key stakeholders and the public;
- Review and determine the adequacy and integrity of the internal control systems and management information of the Group; and
- Develop a corporate code of conduct to address, amongst others, any conflicts of interest relating to directors, major shareholders and/or management.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), Risk Management Committee ("RMC") and Tender Approval Committee ("TAC") to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

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

Board Charter

The Board is aware of the need to clearly demarcate the duties and responsibilities of the Board, Board Committees and Management, including the limits of authority accorded, in order to provide clarity and guidance to Directors and Management. The Board has in place a Board Charter, setting out, inter-alia, the roles of the Board, Board Committees, Executive and Non-Executive Directors and Management. The Charter serves as a reference point for Board activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company. The Board shall update the Charter as and when need arises to reflect changes to the Company's policies, procedures as well as to comply with the latest regulations and legislations.

The full Charter is available on the Company's website.

The number of meetings of the Board and Board Committees held during the year were:

Types of Meetings	Number of Meetings
Board of Directors	7
Audit Committee	5
Nomination Committee	1
Remuneration Committee	1
Risk Management Committee	2
Tender Approval Committee	5

The role of the Independent Non-Executive Chairman of the Board and the Executive Vice Chairman ("EVC") are separate with each having a clear scope of duties and responsibilities. The distinct and separate roles of the Chairman and the EVC, with a clear division of functions and responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision making. This crucial partnership dictates the long-term success of the Group. The Chairman plays a crucial and pivotal role in ensuring the leadership, effectiveness, conduct and governance of the Board, whilst the EVC has overall responsibility for the operational and business units, organisational effectiveness, implementation of Board policies, directives, strategies and decisions. The Board has delegated to the EVC the day-to-day management of the Group, supported by the CEO, Deputy CEO and/or Executive Director and a team of experienced Senior Management. The EVC is responsible for the executive function of the Group's business and leading Management in implementing decisions and pursuing corporate objectives as approved by the Board. He may however delegate some of the day-to-day management to the CEO, Deputy CEO and/or the Executive Director while Non-Executive Directors do not participate in the day-to-day management of the Company, they contribute their expertise and experience to the development and monitoring of its corporate strategy.

Code of Ethics, Conduct and Whistle-blowing Policy and Anti-Bribery and Anti-Corruption Policy

The Board recognises the importance of having in place a Code of Ethics and Conduct, setting out the standards of conduct expected from Directors and employees, to engender good corporate behaviour and has formalised such a Code, including uploading the same on the Company's website. Meanwhile, the Board Charter sets out provision for disclosure and conflict of interest to be observed by Directors. The Company's Terms and Conditions of Service for employees also include provisions on conduct, which highlight, amongst others, the need to refrain from accepting any forms of gifts or inducement from interested or potentially interested parties.

The Board has established and adopted a Whistle-Blowing Policy and Guidelines, which outlines when, how and to whom a concern may be properly raised about the actual or potential corporate fraud or breach of regulatory requirements involving employee, Management or Director in the Group.

The Board has in accordance with the requirements of Bursa Malaysia adopted the Anti-Bribery and Anti-Corruption Policy, to prevent corrupt practices, and to provide a measure of assurance and a defence against corporate liability for corruption under section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Code of Ethics and Conduct, Whistle Blowing Policy and Anti-Bribery and Anti-Corruption Policy are all made available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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

Sustainability of Business

The Board is mindful of the importance of business sustainability and in conducting the Group's business, the impact on the environmental, social and governance aspects is considered in the Group's corporate strategies.

The sustainability initiatives and activities undertaken by the Group for the financial year ended 31 December 2022 are disclosed in the "Sustainability Statement" on Page 23, provided in this Annual Report.

Supply of and Access to Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and for an effective discharge of the Board's responsibilities. Any Director may at any time, request for additional information.

Timely dissemination of meeting's agenda, including the relevant Board and Board Committees papers to all Directors prior to the Board and Board Committees meetings to give effect to Board decisions and to deal with matters arising from such meetings, is observed. Board members are furnished with pertinent explanation and information on relevant issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board before a decision is made.

In addition, Board members are updated on the Group's activities and its operations on a regular basis. All Directors have access to information of the Company on a timely basis in an appropriate manner and quality necessary to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advices and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties. However, in 2022, the Directors did not encounter any situations requiring such advice. This procedure is formalised in the Company's Board Charter.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries, who are qualified, experienced and competent on statutory and regulatory requirements, on the resultant implications of any changes in regulatory requirements to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who oversee adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The removal of the Company Secretaries, if any, is a matter for the Board, as a whole, to decide.

Composition of The Board

The Board currently comprises eight (8) members, three (3) of whom are Executive Directors, one (1) Non-Independent Non-Executive Director, and four (4) Independent Non-Executive Directors. This composition fulfils the requirements as set out under MMLR of Bursa Securities, which stipulates that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out in this Annual Report. The Directors, with their different backgrounds and specializations, collectively bring with them a wide range of knowledge, skills, experience and expertise in areas such as public administration, property development, construction, quantity surveying, building and civil engineering, information systems, accounting and audit and legal.

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

Nomination Committee

The Nomination Committee ("NC"), established by the Board with specific terms of reference which is available on the Company's website, comprises the following Directors as its members:

- Mr. Lim Foo Seng (Chairman)
- Ms. Kang Hui Ling
- Mr. Chin Wai Kit (appointed on 1 April 2023)
- Mr. Bernard Hilary Lawrence (resigned on 1 April 2023)

The NC is primarily responsible for recommending suitable appointments to the Board, taking into consideration on the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It is also tasked to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director.

During the financial year under review, the NC met once which were attended by all members and carried out an assessment of the Board, Board Committees and individual Directors in relation to their performance and contribution towards meeting the needs of the Company. The evaluation took into consideration the competency, experience, character, integrity and time availability, including the mix of skills, of the Directors concerned. In addition, NC had received the satisfaction report from the Non-Independent Directors in respect of the independence of the Independent Directors. As compliance to the MCCG 2021, the NC has performed a review of the composition of the Board and the Board Committees and concluded that the Board size and Board Committees were reasonable and balanced, with a good combination of talents, skills, experiences and competencies required by the Group and its core business activities.

The NC also recommended to the Board on those Directors who are retiring at the forthcoming Annual General Meeting ("AGM") for re-election. Such recommendation is based on the assessment made pursuant to the Fit and Proper Policy and the Constitution. In addition, NC informed the Board that according to Bursa Securities's MMLR, an Independent Director ("ID") should not serve in the capacity of more than twelve years. As a result, one of the ID, Mr Bernard who had served the Board for more than twelve cumulative years had already step down from the Board in April 2023. In the event an Independent Non-Executive Director(s) who has served the Board for more than a cumulative term of 9-year, is subject to re-designation as Non-independent Director ("9-year rule"). However, The NC would then deliberate and recommend for the continuation in office of the Independent Non-Executive Director who has been in office, exceeded the 9-year tenure after assessing his expertise and his significant contribution to the effectiveness of the Board and the Board Committees as a whole, proposed for the said Director be retained as an Independent Non-Executive Director subject to the approval to be obtained at the forthcoming AGM.

In FYE 2022, a Fit and Proper Policy has been adopted by the Board, in compliance with Paragraph 15.01A, of Bursa Securities' MMLR. The Policy serves as a guide to the Board of Directors and the NC in their review and assessment of candidates that are to be appointed onto the Board as well as Directors who are seeking for election or re-election. The NC has based upon the criteria as set out in the Policy, assessed the appointment of new Director. The final decision on the appointment of Director in respect of a candidate recommended by the Nomination Committee rests with the Board. The Company Secretaries ensure that all appointments are properly made upon obtaining all necessary information from the Director.

A Board diversity policy has been formalised to ensure that the Board comprises Directors of the required mix of skills and experience to assist the Company in achieving its objectives. However, insofar as Board diversity is concerned, the Board does not intend to set out any specific policy on targets for women Director, age or ethnicity composition in the Board. The Board believes that the on-boarding process of Directors should not be based on any gender, age or ethnic discrimination and instead evaluation of suitable candidates should be solely based on the candidates' competency, character, time availability, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

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

Remuneration Committee

The Remuneration Committee ("RC"), established by the Board with specific terms of reference, comprises the following Independent Non-Executive Directors:

- Ms. Kang Hui Ling (Chairman)
- Mr. Lim Foo Seng
- Mr. Chin Wai Kit (appointed on 1 April 2023)
- Mr. Bernard Hilary Lawrence (resigned on 1 April 2023)

RC assists the Board in recommending the remuneration of Directors. The RC meets as and when required to review Directors' remuneration. The Board has defined its remuneration policy in its Board Charter that all Executive Directors are remunerated based on the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their contribution and the level of responsibilities assumed. RC noted that all Executive Directors other than an Executive Director who holds Chief Executive Officer's position, did not benefit from any remuneration package in the previous years since their appointments. During FYE2022, the Board members received the same amount of Directors' fees (other than the Chairman and the Audit Committee's Chairman).

In all instances, the deliberations of the Directors' remuneration are conducted with the Directors concerned abstaining from discussions on their individual remuneration. During the year, the Committee met once which was attended by all members.

In compliance with the MMLR, the remuneration paid to the Directors, in aggregation as follows:

FOR THE YEAR 2022	Fees and allowances	Salaries and other emoluments	Estimated value of benefits in kind	TOTAL
	RM '000	RM '000	RM '000	RM '000
Company				
Executive directors				
Tan Sri Dato' Lim Kang Hoo	39.0	-	-	39.0
Datuk Lim Keng Guan	39.5	-	-	39.5
Wong Khai Shiuan *(resigned on 1 July 2022)*	23.0	322.6	16.9	362.5
Lim Chen Herng *(appointed on 1 July 2022)*	19.0	-	-	19.0
Non-Executive directors				
Dato' Ayub bin Mion	75.5	-	13.80	89.3
Dato' Hj. Lukman bin Abu Jari @ Abu Bakar	49.1	-	-	49.1
Khoo Boon Ho *(retired on 30 June 2022)*	23.0	-	-	23.0
Bernard Hilary Lawrence	42.5	-	-	42.5
Lim Foo Seng	55.5	-	-	55.5
Kang Hui Ling	43.0	-	-	43.0
SUB-TOTAL	**409.1**	**322.6**	**30.7**	**762.4**
Subsidiaries				
Khoo Boon Ho	18.0	-	-	18.0
Dato' Hj. Md Zahari bin Md. Zin	36.0	-	-	36.0
TOTAL	**463.1**	**322.6**	**30.7**	**816.4**

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

Director's Remuneration

Also, the details of the remuneration of the senior management which consists of mainly the Executive Directors and CEO for FYE 2022, have also been disclosed under the remuneration of the individual directors, and the bands of the said personnel are as follows:

Remuneration band (RM)	Group
Executive directors and key senior management	
Up to 50,000	3
350,001 to 400,000	1
Total	4

Tender Approval Committee

The Tender Approval Committee ("TAC"), established by the Board, is headed by the two (2) Executive Directors and operated with one (1) Director from the subsidiary who is deemed independent and the management team.

In the absence of any of Directors, the director may nominate other persons to attend the TAC meeting. Besides, there are some senior managements acting as the members of the TAC to assist the Board in the deliberation of the relevant tenders. The TAC meets regularly to review and award tenders for expenditure in excess of RM25,000. At all times the Subsidiary Director has attended the meetings during the year.

The TAC invites and considers Tenders for the supply of goods or services or works to be undertaken which are necessary for carrying out the objective of Procurement and Contract Administration and shall make decisions or recommendations on the acceptance or rejection of such Tenders.

The TAC ensures that procurement is geared to achieve the high quality of goods, services and construction which commensurate with the objectives. The TAC ensures accountability and transparency in all matters pertaining to tendering, procurement and contracting and also ensures the selection of all contractors and service providers is made on transparent, fair and cost-effective basis.

Reinforce Independence of the Board

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Company, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. The definition on independence accords with the MMLR of Bursa Securities. The Independent Directors also have made declaration of their Independence Status on a yearly basis to the Company. Pursuant to the MCCG 2021, the tenure of an ID should not exceed a term limit of nine years. Upon completion of the nine years, an ID may continue to serve on the Board as Non-independent Director. In the event, there is any of the Independent Non-Executive Director who has served the Board for a cumulative period exceeding nine (9) years, the Board would then retain him/her as the Independent Non-Executive Director by providing justification and seek the shareholders' approval via a two-tier voting at AGM.

Additionally, the Board is of the view that the independence of the Directors cannot be assessed only based on the length of service, but that the true independence emanates from intellectual honesty, manifested through a genuine commitment to serve the best interests of the Company.

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

Foster Commitment of Directors

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, relevant reports and Board papers are furnished to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to study for effective discussion and decision-making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major strategic, operational and financial issues. The Chairman of the Audit Committee briefs the Directors at each Board meeting the salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings and the minutes are circulated in a timely manner.

Board Meetings

There were seven (7) Board meetings held during the financial year ended 31 December 2022, with details of Directors' attendance set out below:

Name of Director	Attendance
Dato' Hj. Ayub bin Mion	7/7
Tan Sri Dato' Lim Kang Hoo	6/7
Datuk Lim Keng Guan	7/7
Dato' Hj. Lukman bin Abu Jari @ Abu Bakar	4/7
Mr. Wong Khai Shiuan	5/5*
Mr. Khoo Boon Ho	5/5**
Mr. Bernard Hillary Lawrence	7/7
Mr. Lim Foo Seng	7/7
Ms. Kang Hui Ling	6/7
Mr. Lim Chen Herng	2/2***

* resigned on 1 July 2022
** retired on 30 June 2022
*** appointed on 1 July 2022

It is the practice of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. All the Directors have met the stipulations of the MMLR on attendance at Board meeting.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to regulatory requirements and the impact such regulatory requirements have on the Group.

During the financial year, all Directors attended the in-house training organised by Tricor Hive Sdn Bhd entitled Roles & Responsibilities of Directors, Board & Board Committees under Listing Requirements and Malaysian Code on Corporate Governance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT CONT'D

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

Directors' Training – Continuing Education Programmes (cont'd)

In addition, the Directors also attended several seminars as follows:-

	Names of Director	Training attended
(a)	Lim Foo Seng	• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Macroeconomics & Investment Strategies for Business Sustainability
(b)	Bernard Hilary Lawrence	• Macroeconomics & Investment Strategies for Business Sustainability
(c)	Tan Sri Dato' Lim Kang Hoo	• Macroeconomics & Investment Strategies for Business Sustainability
(d)	Lim Cheng Herng	• Macroeconomics & Investment Strategies for Business Sustainability
(e)	Kang Hui Ling	• Tax Governance by MICPA • AOB Conversation with Audit Committee by Bursa • Macroeconomics & Investment Strategies for Business Sustainability • Transfer Pricing Concepts and Applications by GTC Associates

The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa Securities, the annual financial statements of the Group and Company as well as the message to shareholders in the Annual Report.

Audit Committee

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee ("AC"), comprising exclusively Independent Non-Executive Directors as below:

- Mr. Lim Foo Seng (Chairman)
- Ms. Kang Hui Ling
- Mr. Chin Wai Kit (appointed on 1 April 2023)
- Mr. Bernard Hilary Lawrence (resigned on 1 April 2023)

The detailed composition of the AC, including its roles and responsibilities, are set out in the AC Report of page 40 in this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

A policy governing the provision of non-audit services by the external auditors, in view of maintaining their independence and objectivity, has been developed and adopted by the AC.

In assessing the independence of external auditors, the AC requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Risk Management Committee

The Board has established a risk management process to identify, evaluate, control, report and monitor significant risks faced by the Group. Periodic reporting of risk issues, including mitigating measures, is made by Management to the Risk Management Committee ("RMC").

The RMC, established by the Board with specific terms of reference, comprises the following Directors:

- Mr. Lim Foo Seng (Chairman)
- Ms. Kang Hui Ling
- Mr. Chin Wai Kit (appointed on 1 April 2023)
- Mr. Bernard Hilary Lawrence (resigned on 1 April 2023)

The risk management framework of the Group seeks to, amongst others, formalize the Board's risk appetite, use of key risk indicators and risk parameters, risk treatment plans and the formation of a RMC, assisted by the management to follow up on risk management matters as well as action plans to address the findings raised by the internal auditors and external auditors.

The internal audit function of the Group is outsourced to an independent professional services firm, who undertakes regular reviews of the adequacy and effectiveness of the Group's governance, risk management and internal control system. The internal audit function reports directly to the AC. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control included in this Annual Report.

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

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalised pertinent policies and procedures not only to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, but also identify the persons responsible to approve and disclose material information to the regulators, shareholders and stakeholders. To augment the process of disclosure, the Board has earmarked a dedicated section for corporate governance on the Company's website where information on the Company's announcements to the regulators, rights of shareholders, the Company's Annual Report, etc., may be accessed.

Shareholder Participation at General Meeting

The AGM and/or Extraordinary General Meetings ("EGM"), are the principal forums for shareholder dialogue, allowing shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification on any issues and to gain better understanding of the Group's business affairs and performance. At the General Meeting, shareholders are encouraged to participate in deliberating resolutions being proposed or on the Group's operations in general.

In the light of the COVID-19 pandemic and as part of the safety measures, the AGM of the Company held in Year 2022 was conducted fully virtual through live streaming via Remote Participation and Voting Facilities ("RPV") platform. The Chairman invited shareholders to raise questions with responses from the Board, during the question-and-answer session. The shareholders were allowed to submit their questions electronically through the online platform via typed text during live streaming of the AGM, and the shareholders had experienced real time interaction with the Board during the AGM.

Notices of each AGM are issued in a timely manner to all shareholders to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All resolutions passed by the shareholders at the previous AGM held on 30 June 2022, were all voted by poll.

The Company will continue to put all resolutions to vote by poll at future AGM.

Communication and Engagement with Shareholders

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the AGM and through the Group's website where shareholders can access pertinent information concerning the Group.

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

Statement of Directors' Responsibility in Respect of the Financial Statements

The Group's financial statements have been drawn up in accordance with the applicable approved accounting standards in Malaysia and the Companies Act 2016. The financial statements give a true and fair view of the state of the affairs of the Group at the end of the financial year, and of the financial performance and cash flows for the financial year.

In preparing the financial statements, the Directors are also responsible for:

- The adoption of suitable accounting policies and applying them consistently;
- Making judgments and estimates that are reasonable and prudent;
- Ensuring that all applicable financial reporting standards have been followed; and
- Preparing financial statements on a going concern basis as the Directors have reasonable expectations, having made enquiries that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility of ensuring that the Company maintains adequate accounting records and sufficient internal controls to safeguard the assets and to prevent and detect fraud or other irregularities in the Group.

This Statement has been approved by the Board on 20 April 2023.

AUDIT COMMITEE REPORT

1. COMPOSITION

The Audit Committee (the "AC"), which was established by the Board, comprises the following Directors as its members:

Chairperson	: Mr. Lim Foo Seng (Independent Non-Executive Director)
Members	: Ms. Kang Hui Ling (Independent Non-Executive Director) Mr. Chin Wai Kit (Independent Non-Executive Director) (Appointed on 1 April 2023) Mr. Bernard Hilary Lawrence (Independent Non-Executive Director) (Resigned on 1 April 2023)

2. ROLE OF THE AUDIT COMMITTEE

The AC has been entrusted by the Board with the following responsibilities that encompass overseeing the financial reporting process and the audit processes:

- to review the Group's quarterly and annual financial statements;
- to assess the Group's internal control system;
- to review the independence of the Group's internal and external auditors and the processes adopted by the auditors;
- to review the related party transactions to ensure they are not detrimental to the minority as well as any conflict of interest situations; and
- to render support to the Board in terms of the sustainability system of the Group, jointly with Risk Management Committee.

3. KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the AC are to review the following and report the same to the Board:

- the audit plan, evaluation of the system of internal controls and the audit report with the external auditor, including the assistance given by employees of the Group to the external auditor;
- review any management letter sent by the external auditor to the Company and Management's response to such letter;
- review the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work. This includes determining whether the internal audit function deploys internal auditing standards that are recognised by professional bodies;
- review the internal audit programmes, processes, the major findings and results of the internal audit or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
- assessment and re-appointment of internal auditor;
- the quarterly results and year-end financial statements, prior to approval by the Board of Directors, focusing on:
    - any changes in accounting policies and practice
    - major judgmental areas
    - significant adjustments resulting from the audit
    - going concern assumptions
    - compliance with accounting standards, stock exchange and other legal requirements
    - assess the quality and effectiveness of internal control system
    - any significant transactions which are not a normal part of the Group's business
- any related party transactions and conflict of interest situation that may arise within the Company and Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
- any letter of resignation from external auditor;
- whether there is any reason (supported by grounds) to believe that external auditor is not suitable for re-appointment, including the assessment of their professional independence and performance;
- recommend the nomination of person or persons as external auditor;
- establish a policy on the provision of non-audit services by the external auditor and/or its network members firms/ companies to minimise the risk of the external auditor's independence and objectivity from being impaired; and
- any other function as may be required by the Board from time to time.

The details of the key functions and responsibilities of the AC are set out in its terms of reference which is published on the Company's website at www.iwcity.com.my.

AUDIT COMMITEE REPORT CONT'D

4. SUMMARY OF WORK OF THE INTERNAL AUDIT

The Company outsourced its internal audit function to an independent professional firm, which reports directly to the AC. The internal audit function assists the AC and the Board by providing independent and objective assurance on the adequacy and operating effectiveness of the system of governance, risk management and internal control, based on an internal audit plan approved by the AC. The internal audits were carried out using a risk-based approach and were guided by the International Professional Practice Framework.

During the financial year ended 31 December 2022, the business processes reviewed were as follows:

- Recurrent related party transactions procedures
- Strategic management
- Anti-bribery and anti-corruption

The results of the audit reviews and the recommendations for improvement were discussed with Management and subsequently presented to the AC during quarterly meetings. In addition, follow-up visits were also conducted to ascertain the status of implementation of agreed management action plans. The results of the follow-up reviews were also reported to the AC. Although certain internal control weaknesses were identified, none of the weaknesses has resulted in any material losses or contingencies that would require additional disclosure in this Annual Report.

Further details of the internal audit function and its activities are mentioned in the Statement on Risk Management and Internal Control included in this Annual Report.

5. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR

The AC met five (5) times during the financial year ended 31 December 2022. The attendances of each member of the Committee were as follows:-

Name	Designation	Meetings Attended
Lim Foo Seng	Independent Non-Executive Director	5/5
Kang Hui Ling	Independent Non-Executive Director	5/5
Khoo Boon Ho	Senior Independent Non-Executive Director	3/3$^{\Delta}$
Bernard Hilary Lawrence	Independent Non-Executive Director	2/2*

$^{\Delta}$ Retired on 30 June 2022
* Appointed as a member of Committee on 12 August 2022

The AC members were served with meeting agenda and relevant Board papers which were distributed, with adequate notice, before the meeting to enable them to go through the matters to be deliberated at the meeting. The Company Secretaries are the secretaries of the AC.

During the financial year under review, the AC carried out the following activities:

- reviewed the quarterly financial announcements of the Group before recommending the same to the Board of Directors for approval;
- reviewed the significant matters / key audit matters highlighted by the external auditor in the financial statements and significant judgements made;
- reviewed the audit plan of the external auditor and the proposed fees for the statutory audit;
- reviewed the performance of the external auditor in terms of their capability and professionalism before recommending them to be considered for re-appointment at the Annual General Meeting;
- reviewed the audited annual financial statements of the Group and of the Company before recommending the same to the Board of Directors for approval;
- reviewed the internal audit reports and the recommendations on internal audit observations, including follow-up by the internal audit function on the status of Management's implementation of action plans to address issues highlighted in previous reports of the internal audit function;
- reviewed and evaluated the performance of the internal audit function and approved the renewal of their appointment;
- reviewed recurrent related party transactions within the Group;

AUDIT COMMITEE REPORT CONT'D

5. SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR (CONT'D)

During the financial year under review, the AC carried out the following activities (Cont'd):

- reported to the Board on its activities and significant findings and results;
- reviewed the Audit Committee Report and Sustainability Statement for inclusion in this Annual Report;
- reviewed the new accounting policies adopted by the Group to ensure compliance with the applicable Malaysian Financial Reporting Standards;
- reviewed the judgements and estimates adopted by the Group to ensure that are reasonable and prudent; and
- had one private session meeting with the external auditor without Management as and when there are matters concerning audit and financial reporting of the Group.

During the year, there was no instances where the AC members were required to call a special meeting to investigate areas of corruption, bribery or misconduct nor received whistleblower report.

This Audit Committee Report has been approved by the Board on 20 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") stipulates that a listed issuer must ensure that its Board of Directors makes a statement about the state of internal control of the listed issuer as a group. Accordingly, the Board of Directors ("Board") is pleased to furnish the statement, which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2022 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this statement takes into consideration the "Statement on Risk Management and Internal Controls - Guidelines for Directors of Listed Issuers" (the Guidelines"), issued by the Task Force on Internal Control with the support and endorsement of Bursa Securities.

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets as well as reviewing its adequacy and operating effectiveness in meeting the Group's objectives. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with Practice Note 1.1 of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"). Accordingly, the Board is aware that its principal responsibilities, as outlined in the Commentaries of the same Recommendation of the MCCG 2021, include, inter-alia, the following:

- to identify principal risks faced by the Group and ensure the implementation of appropriate controls and mitigation measures to address the risks; and
- to review the adequacy and integrity of the management information and internal control system of the Group.

The Board is also mindful of its role under Practice 10.1 of the MCCG 2021 in establishing a sound framework to manage risk. The Group has put in place a risk management process to identify and evaluate significant risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks that are outlined below:

- *Business*

  Property development is the subject to certain business risks inherent in the industry including but not limited to, changes in general economic conditions, government regulations, inflation, competition from existing players and new entrants, shortage of labour for project completion, disruption in the supply of building materials, non-renewal of licenses and risks relating to the financing of projects.

  Management will continue to limit and mitigate these risks through the implementation of prudent business strategies, continuous review of the operations and marketing strategies, efforts taken to improve efficiency, leverage on technology, as well as close monitoring of its development projects and its cash flows, there can be no assurance that any changes to these risks would not have any material adverse impact on IWCity Group's business.

- *Financing and Interest Rate*

  IWCity Group's working capital requirements such as reclamation works and development projects may be partially funded via interest-bearing bank borrowings. As such, any fluctuations in interest rates could affect the interest charges incurred on the borrowings and hence affect IWCity Group's profitability. Fluctuations in interest rates may also affect the demand for properties under the Group's proposed development plans, as higher interest rates may lead to an increase in the prices of the properties for prospective buyers. This may adversely affect the demand for properties and ultimately, the success of the Group's plans for its proposed developments.

  In mitigating these risks, IWCity Group actively reviews its debt portfolio taking into account the level and nature of borrowings and manage our gearing level, interest costs and our cash flows to achieve an optimal capital structure to address the above risks. Depending on market conditions, IWCity Group will also review its pricing strategy to ensure that IWCity Group's properties are competitively priced.

- *Development*

  Development is subject to certain risks inherent to property development, such as oversupply of the properties to be developed, changes in demand for types of residential and commercial properties, labour and material supply shortages, deterioration in prevailing market conditions and fluctuations in prices of building materials and costs of labour. Nevertheless, IWCity Group continues to keep abreast with the latest developments in the property development market and will leverage on its track record as well as experienced, capable and dedicated management team in place, to manage these risks closely.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

Introduction (Cont'd)

The Board is also mindful of its role under Practice 10.1 of the MCCG 2021 in establishing a sound framework to manage risk. The Group has put in place a risk management process to identify and evaluate significant risks, comprising strategic, financial and operational risks as well as a system of internal control to mitigate such risks that are outlined below (Cont'd):

- *Economic and political considerations*

  After more than two years of the Covid-19 coronavirus global pandemic where lockdowns, movement, operating and economic restrictions were imposed, Malaysia transitioned into the endemic phase as all economic sectors progressively returned to normalcy.

  IWCity Group's future growth and profitability depends largely on the economic and political conditions in Malaysia especially Johor. The re-opening of the borders between Johor and Singapore since 1st April 2022 by the respective governments had largely been beneficial and provided the necessary catalyst to the economy of Johor. Factors that could adversely affect the successful development include, but are not limited to, changes in interest rates, inflation, economic growth, taxation, accounting policies, changes in laws and regulations, government policies and political stability. Any adverse changes in these conditions, such as prolonged economic downturn, could have a negative effect on the property development industry, which IWCity Group operates in.

  While IWCity Group practices prudent financial risk management and efficient operating procedures, there is no assurance that adverse economic and political developments, which are beyond the control of IWCity Group, will not materially and adversely affect IWCity Group.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute assurance, against any material misstatement or loss.

Risk Management Process

The Board recognises the importance of risk management to safeguard shareholders' investment and the Group's assets. Accordingly, it has deployed a risk management process as guided by ISO 31000: 2018 Risk Management – Guideline, to identify and evaluate significant business risks faced by the Group with a view to manage them. Management is entrusted to identify such risks for onward reporting to the Board so that remedial measures may be taken to mitigate the risks as appropriate. For each risk identified, the risk management process includes assessing the likelihood of its occurrence and the impact thereof. The significant risks faced by the Group, including action plans to mitigate risks within acceptable levels, are reported by Management to the Board at least once a year.

As part of the Group's Risk Management Process, a Risk Management Committee ("RMC"), chaired by an Independent Non-Executive Director, has been established to perform, amongst others, the following:

- overseeing the risk management structure;
- reviewing and recommending risk management strategies, policies and framework for identifying, measuring, monitoring and controlling risks;
- developing and implementing internal compliance and control systems and procedures to manage risks; and
- communicating and monitoring risk assessment results to the Board.

The RMC meets periodically to consider principal risks evaluated by the respective risk owners that may impede the Group from achieving its strategic and operational objectives. Thereafter, risk management strategies or management action plans are considered to mitigate risks to the Group's acceptable level.

During the financial year under review, as facilitated by a professional service firm, a risk assessment meeting with the Heads of Department was conducted to update the Key Risk Profile ("KRP"). During the meeting, key risks identified were rated and prioritised in terms of likelihood of the risk occurring and its impact should the risk occur taking into consideration the effectiveness of existing internal controls put in place. The results of the risk assessments were reported and deliberated at the RMC meeting held on 26 August 2022.

The risk management process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

Internal Control System

The Group has an established organizational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority. Key duties are segregated amongst different personnel of major business divisions, such as operations, financial management and reporting, capital expenditure management and investments. A process of hierarchical reporting is established which provides for a documented and auditable trail of accountability. The system of internal control entails, inter-alia, the proper delegation of duties and responsibilities from the Board to the Executive Vice Chairman ("EVC"), Executive Director ("ED"), Chief Executive Officer ("CEO"), and Senior Management (collectively, the "Management"), with specified limits of authority, in running the key operations of the Group. In this respect, Management essentially comprises personnel with significant years of experience and who are in a position to identify and manage business risks relevant to the Group and design appropriate internal controls to manage these risks.

On a regular basis, the Management communicates the Board's strategy on risks and control throughout the Group which encompasses the Company's values and policies, Management's philosophy and risk attitude, as well as organisational structure together with the respective authority and responsibility of each employee.

The Board and Management also established broad operating strategies whereby annual budgets are developed in line with these strategies. Progress made towards achieving business objectives and operating results are monitored on a regular basis by the Management via various operational discussions as well as the review of financial and operational reports. Any matters arising are promptly and efficiently dealt with, drawing on the experience and knowledge of employees throughout the Group. The Management, in turn, will update the Board on any significant matters which require the latter's attention.

Salient features of the system of internal control within the Group are summarized as follows:

- defined management structure of the Group and clear delegation of authority to Board Committees and Management where authority levels have been formalised;
- regular reporting to the Management on operational matters and financial results as well as key performance indicators;
- regular Management and departmental discussions where operating strategies, initiatives and financial matters are deliberated;
- an annual budgetary process where each subsidiary has to submit a budget and a business plan to the Group Management for review and approval, which is then tabled to the Board for deliberation; and
- established operating policies and procedure, code of conduct and other relevant human resource policies are contained within the Group's policies and operating procedures and Terms and Conditions of employment.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries but do not apply to the associates and joint venture. The Group's interest in the associates and joint venture is served through Board representatives. These representatives also provide the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associate and joint venture.

Internal Audit Function

The Group's internal audit function is outsourced to an independent professional services firm, namely Tricor Axcelasia Sdn Bhd. The internal auditor, whom reports directly to the AC, assists the Board by providing independent and objective assurance on the adequacy and effectiveness of the governance, risk management and internal control system of the Group. The internal audit assignments were carried out based on an agreed scope of work as outlined in internal audit plan tabled to, and approved by, the AC during the financial year. There was no restriction placed upon the scope of the internal audit function's work and the internal auditor was allowed full and unrestricted access to the records pertinent for the internal audit and relevant personnel of the Group.

During the financial year under review, the AC reviewed the work of the internal audit function, its observations and recommendations to ensure that the AC obtained the necessary level of assurance with respect to the adequacy and operating effectiveness of the system of governance, risk management and internal control. The internal auditors report their observations, including Management's response and action plans thereof, directly to the AC. The internal auditors also follow up and report to the AC the status of implementation by Management on recommendations highlighted in the previous internal audit reports.

Further details of the internal audit function are set out in the Audit Committee Report on page 41 of this Annual Report.

The costs incurred for the internal audit function for the financial year amounted to approximately RM80,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL CONT'D

Assurance by the management

The Board has also received reasonable assurance from the EVC and ED as the Company's highest-ranking executive that the Group's risk management and internal control system has operated adequately and effectively, in all material aspects, for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report.

Board's comments on the adequacy and effectiveness of the Group's risk management and internal control system

The Board, through its AC, has reviewed the adequacy and operating effectiveness of the risk management and internal control system of the Group and those relevant actions have been or are being taken, as the case may be, to remedy internal control weaknesses identified from the review, which was largely based on the outcome of observations raised by the internal auditors and external auditors directly to the AC.

The Board is of the view that there have been no weaknesses in the system of risk management and internal control that resulted in material losses, contingencies or uncertainties that would require mention in the Company's Annual Report. The Board, through Management, continues to take measures to strengthen the Group's risk management and internal control system from time to time based on recommendations of the internal audit function as well as the External Auditor.

The External Auditor have reviewed this Statement according to Paragraph 15.23 of the MMLR of Bursa Securities and reported that nothing has come to their attention that causes them to believe that the Internal Control Statement intended to be included in the Annual Report of the Company is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is factually inaccurate.

This Statement has been approved by the Board on 20 April 2023.

FINANCIAL
REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss after tax for the financial year	(32,205)	(1,820)
Attributable to:-		
Owners of the Company	(32,205)	(1,820)

DIVIDEND

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company;

(b) the Group issued 8,500,000 redeemable preference shares at RM1.00 per share. The salient terms of the redeemable preference shares are disclosed in Note 23 to the financial statements; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

DIRECTORS' REPORT CONT'D

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, 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 impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, 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 value as shown in the accounting records of the Group and of the Company, have 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 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 methods 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:-

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

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

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

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.

DIRECTORS' REPORT CONT'D

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Dato' Hj. Ayub Bin Mion**
Tan Sri Dato' Lim Kang Hoo**
Datuk Lim Keng Guan**
Dato' Hj. Lukman Bin Abu Jari @ Abu Bakar
Kang Hui Ling
Lim Foo Seng
Lim Chen Herng ** (Resigned as alternate director on 1 July 2022, appointed on 1 July 2022)
Chin Wai Kit (Appointed on 1 April 2023)
Khairudin Bin Hasan (Alternate director to Dato' Hj. Lukman Bin Abu Jari @ Abu Bakar) (Appointed on 13 April 2023)
Khoo Boon Ho (Retired on 30 June 2022)
Wong Khai Shiuan (Resigned on 1 July 2022)
Bernard Hilary Lawrence (Resigned on 1 April 2023)

** These directors are also the directors of the Company's subsidiaries.

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Dato' Hj. Md. Zahari Bin Md. Zin
Tan Teow Keat
Wong Khai Shiuan
Khoo Boon Ho

DIRECTORS' REPORT CONT'D

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	<-------------------Number of Ordinary Shares-------------------->			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
The Company				
Direct Interests				
Tan Sri Dato' Lim Kang Hoo	5,540,700	-	-	5,540,700
Lim Chen Herng	-	5,699,600	(5,383,900)	315,700
Indirect Interests				
Tan Sri Dato' Lim Kang Hoo	315,846,069	-	-	315,846,069

By virtue of his shareholdings in the Company, Tan Sri Dato' Lim Kang Hoo is deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 32(b) to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	**The Company RM'000**
Fees and allowance	463	409
Salaries, bonuses and other benefits	288	24
Defined contribution benefits	35	2
	786	435

The estimate monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM 30,725 and RM 30,725 respectively.

DIRECTORS' REPORT CONT'D

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

HOLDING COMPANIES

The immediate and ultimate holding companies are Iskandar Waterfront Holdings Sdn. Bhd. and Credence Resources Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	**The Company RM'000**
Audit fees	281	65
Non-audit fees	5	5
	286	70

Signed in accordance with a resolution of the directors dated 20 April 2023.

Dato' Hj. Ayub Bin Mion **Lim Chen Herng**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Hj. Ayub Bin Mion and Lim Chen Herng, being two of the directors of Iskandar Waterfront City Berhad, state that, in the opinion of the directors, the financial statements set out on pages 48 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 20 April 2023.

Dato' Hj. Ayub Bin Mion **Lim Chen Herng**

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Jacqueline Lai Shea Wei, CPA Membership Number: 9762017, being the officer primarily responsible for the financial management of Iskandar Waterfront City Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 134 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Jacqueline Lai Shea Wei
at Johor Bahru
in the State of Johor
on this 20 April 2023.

Before me **Jacqueline Lai Shea Wei**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISKANDAR WATERFRONT CITY BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Iskandar Waterfront City Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 134.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Other Matter

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors, whose report dated 28 April 2022 expressed an unmodified opinion on those statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISKANDAR WATERFRONT CITY BERHAD (INCORPORATED IN MALAYSIA) CONT'D

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.

Key audit matters	How our audit addressed the key audit matters
Going Concern	
The Group has prepared its financial statements on a going concern basis notwithstanding that the Group recorded a loss before tax ("LBT") of RM23.6 million and a negative operating cash flow of RM0.3 million. In addition, the Group has also been classified as an affected listed issuer pursuant to Paragraph 8.03A(2)(b) of the Main Market Listing Requirements of Bursa Securities. As disclosed in Note 4.1 to the financial statements, the Directors are of the opinion that there is no material uncertainty in respect of the ability of the Group to continue as a going concern and the preparation of the financial statements of the Group on the going concern basis is appropriate after having considered the expected cash flows arising from the Group's ongoing property development projects, ongoing financial support from related parties and adequacy of financing facilities available to the Group. This is a key audit matter due to the degree of judgement involved in our evaluation of the appropriateness of the Director's assessment on going concern basis for the preparation of the financial statements of the Group.	We performed the following audit procedures: • Assessing the ability of the Group to continue as a going concern and meet its obligations for the next twelve months from the date of financial statements based on the budgeted cash flows prepared by the management for the said period and evaluating the key assumptions used by management in preparing the budgets; • Assessing the availability of financing facilities to the Group to support its operations; • Evaluating the judgement exercised by management in determining the appropriateness of using the going concern basis in the preparation of the financial statements; and • Evaluating the adequacy of disclosures for the going concern in the financial statements.
Net realisable value of inventory properties (including land held for property development, property development expenditure and completed development units)	
The carrying amount of the inventory properties of the Group as at 31 December 2022 are as follows: • Property development expenditures – RM1,148.5 million • Land held for property development – RM69.5 million • Completed development units – RM37.8 million We focused on the net realisable value of the inventory properties of the Group as the assessment involves the estimates made by management. Management assessed the net realisable values of the inventory properties based on estimates derived from previous valuation performed by the professional valuers, recent transacted prices and budgeted project revenue and cost, considering of the current economic condition. Refer to Note 5 in the summary of significant accounting policies and Notes 13 and 14 to the financial statements.	We performed the following audit procedures: • reviewed the professional valuation report obtained from management and evaluated the reasonableness of basis and assumptions with updated information and determined whether the basis and assumptions provide a reasonable basis for the fair value measurements. • compared the valuation amount with the carrying amount of land held for development and certain property development expenditures to determine whether the write-down is necessary. • reviewed the reasonableness of the budgeted revenue and cost for property development projects. • compared the estimated selling price less the costs to complete and sell for certain property development expenditures and completed development units with their carrying amount and consider whether a write-down is necessary.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISKANDAR WATERFRONT CITY BERHAD (INCORPORATED IN MALAYSIA) CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISKANDAR WATERFRONT CITY BERHAD (INCORPORATED IN MALAYSIA) CONT'D

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ISKANDAR WATERFRONT CITY BERHAD (INCORPORATED IN MALAYSIA) CONT'D

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

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.

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Tan Lin Chun
02839/10/2023 J
Chartered Accountant

Johor Bahru

20 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	508,596	508,596
Investment in associates	7	-	-	-	-
Property, plant and equipment	8	952	1,322	163	219
Investment properties	9	95	95	-	-
Other receivables	10	-	-	82,485	102,838
Other investments	11	90	90	-	-
Deferred tax assets	12	13,076	21,556	-	-
Inventory properties – land held for property development	13	69,463	122,355	-	-
		83,676	145,418	591,244	611,653
CURRENT ASSETS					
Inventories	14	37,804	65,318	-	-
Inventory properties – property development costs	13	1,148,506	1,140,371	-	-
Trade receivables	15	129,462	117,224	-	-
Other receivables, deposits and prepayments	10	10,827	10,618	213,819	196,546
Contract assets	16	19,572	25,279	-	-
Short-term investments	17	554	427	78	76
Current tax assets		6,196	5,620	-	-
Fixed deposits with licensed banks	18	15,690	38,131	1,735	1,705
Cash and bank balances	19	8,212	2,902	854	249
		1,376,823	1,405,890	216,486	198,576
TOTAL ASSETS		1,460,499	1,551,308	807,730	810,229

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 CONT'D

	Note	The Group 2022 RM'000	The Group 2021 RM'000	The Company 2022 RM'000	The Company 2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	766,884	766,884	766,884	766,884
(Accumulated losses)/Retained profits		(22,056)	10,149	(62,569)	(60,749)
TOTAL EQUITY		744,828	777,033	704,315	706,135
NON-CURRENT LIABILITIES					
Other payables	21	307,030	251,711	-	-
Loans and borrowings	22	-	18,058	-	-
Deferred tax liabilities	12	96,576	96,597	-	-
		403,606	366,366	-	-
CURRENT LIABILITIES					
Redeemable preference shares ("RPS")	23	10,499	-	-	-
Trade payables	24	117,350	178,639	-	-
Contract liabilities	16	573	569	-	-
Other payables and accruals	21	43,833	61,019	3,415	4,094
Loans and borrowings	22	123,948	151,293	100,000	100,000
Provisions	25	4,963	5,409	-	-
Current tax liabilities		10,899	10,980	-	-
		312,065	407,909	103,415	104,094
TOTAL LIABLITIES		715,671	774,275	103,415	104,094
TOTAL EQUITY AND LIABILITIES		1,460,499	1,551,308	807,730	810,229

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE	26	92,358	18,001	-	-
COST OF SALES		(82,237)	(22,175)	-	-
GROSS PROFIT/(LOSS)		10,121	(4,174)	-	-
OTHER INCOME		2,138	953	32	29
SELLING AND MARKETING EXPENSES		(317)	(501)	-	-
ADMINISTRATIVE EXPENSES		(13,078)	(6,905)	(1,755)	(1,372)
FINANCE COSTS		(22,481)	(18,175)	(97)	(90)
SHARE OF LOSS OF EQUITY ACCOUNTED ASSOCIATES		-	(2,395)	-	-
LOSS BEFORE TAX	27	(23,617)	(31,197)	(1,820)	(1,433)
TAX (EXPENSE)/INCOME	28	(8,588)	3,268	-	-
LOSS AFTER TAX/TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(32,205)	(27,929)	(1,820)	(1,433)
LOSS AFTER TAX ATTRIBUTABLE TO:-					
Owners of the Company		(32,205)	(27,929)	(1,820)	(1,433)
LOSS PER SHARE (SEN)	29				
Basic		(3.50)	(3.13)		
Diluted		(3.50)	(3.13)		

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

	Note	Share Capital RM'000	Distributable Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
The Group				
Balance at 1.1.2021		726,946	38,078	765,024
Loss after tax/total comprehensive loss for the financial year		-	(27,929)	(27,929)
Issuance of shares	20(b)	40,195	-	40,195
Share issuance expenses	20(b)	(257)	-	(257)
Total contributions by owners		39,938	-	39,938
Balance at 31.12.2021/1.1.2022		766,884	10,149	777,033
Loss after tax/total comprehensive loss for the financial year		-	(32,205)	(32,205)
Balance at 31.12.2022		766,884	(22,056)	744,828

	Note	Share Capital RM'000	Distributable Accumulated Losses RM'000	Total Equity RM'000
The Company				
Balance at 1.1.2021		726,946	(59,316)	667,630
Loss after tax/total comprehensive loss for the financial year		-	(1,433)	(1,433)
Issuance of shares	20(b)	40,195	-	40,195
Share issuance expenses	20(b)	(257)	-	(257)
Total contributions by owners		39,938	-	39,938
Balance at 31.12.2021/1.1.2022		766,884	(60,749)	706,135
Loss after tax/total comprehensive loss for the financial year		-	(1,820)	(1,820)
Balance at 31.12.2022		766,884	(62,569)	704,315

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

		The Group		The Company	
		2022	2021	2022	2021
	Note	RM'000	RM'000	RM'000	RM'000
CASH FLOW FROM/(FOR) OPERATING ACTIVITIES					
Loss before tax		(23,617)	(31,197)	(1,820)	(1,433)
Adjustments for:-					
Amortisation of transaction costs on loan		-	331	-	-
Depreciation of property, plant and equipment		369	384	65	67
Impairment loss on contract assets		1,966	-	-	-
Property, plant and equipment written off		11	-	-	-
Interest expenses		22,322	17,723	96	89
Share of net losses of equity accounted associates		-	2,395	-	-
Fair value gain on investment property		-	(5)	-	-
Gain on disposal of property, plant and equipment		(39)	-	-	-
Interest income		(913)	(850)	(32)	(29)
Provisions		385	1,730	-	-
Operating profit/(loss) before working capital changes		484	(9,489)	(1,691)	(1,306)
Decrease/(Increase) in inventory properties		49,351	(22,287)	-	-
Decrease in inventories		27,513	2,804	-	-
Decrease in contract assets		3,740	1,192	-	-
(Increase)/Decrease in trade and other receivables		(12,448)	31,127	19	(39,149)
(Decrease)/Increase in trade and other payables		(68,146)	(23,339)	(679)	781
Increase/(Decrease) in contract liabilities		4	(415)	-	-
CASH FOR OPERATIONS		498	(20,407)	(2,351)	(39,674)
Income tax paid		(783)	(2,121)	-	-
NET CASH FOR OPERATING ACTIVITIES		(285)	(22,528)	(2,351)	(39,674)

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

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Interest income received		913	850	32	29
Proceeds from disposal of property, plant and equipment		39	-	-	-
Purchase of property, plant and equipment		(10)	(5)	(9)	(5)
Addition of short-term investments		(127)	(427)	(2)	(76)
Repayment from subsidiaries		-	-	3,061	-
Withdrawal of fixed deposits with tenure more than 3 months		4,624	-	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		5,439	418	3,082	(52)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Additions to/(withdrawal of) pledged fixed deposits		31	17,314	(30)	(28)
Advances from related parties	30(a)	24,675	7,703	-	-
Interest paid	30(a)	(7,432)	(8,089)	(96)	(89)
Proceeds from issuance of ordinary shares		-	40,195	-	40,195
Proceeds from issuance of RPS	30(a)	8,500	-	-	-
Repayment of bridging loan	30(a)	(43,276)	(17,894)	-	-
Repayment of hire purchase payables	30(a)	(42)	(146)	-	-
Share application money received for RPS subscription	30(a)	1,999	-	-	-
Share issuance expenses		-	(257)	-	(257)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(15,545)	38,826	(126)	39,821
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(10,391)	16,716	605	95
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		12,358	(4,358)	249	154
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	30(c)	1,967	12,358	854	249

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Suite 1301, 13th floor, City Plaza, 80300 Johor Bahru, Johor.
Principal place of business	:	#G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 20 April 2023.

2. HOLDING COMPANIES

The immediate and ultimate holding companies are Iskandar Waterfront Holdings Sdn. Bhd. and Credence Resources Sdn. Bhd., respectively. Both the aforesaid holding companies are incorporated in Malaysia.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 GOING CONCERN

The Group has prepared its financial statements on a going concern basis notwithstanding that the Group recorded a loss before tax ("LBT") of RM23.6 million and a negative operating cash flow of RM0.3 million. In addition, the Group has also been classified as an affected listed issuer pursuant to Paragraph 8.03A(2)(b) of the Main Market Listing Requirements of Bursa Securities. This gives rise to concern as to whether the use of the going concern assumption is appropriate in connection with the preparation of the Group's financial statements.

The directors are of the opinion that there is no material uncertainty in respect of the ability of the Group to continue as a going concern and the preparation of the financial statements of the Group on a going concern basis is appropriate after having considered the following :

a) The expected cash flows arising from the Group's ongoing property development projects;

b) Ongoing financial support from related parties; and

c) Adequacy of financing facilities available to the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

4. BASIS OF PREPARATION (CONT'D)

4.2 During the current financial year, the Group has adopted the following applicable new accounting standards (including the consequential amendments, if any):-

MFRSs (Including the Consequential Amendments)
Amendments to MFRS 3: Reference to the Conceptual Framework
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

4.3 The Group has not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

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

The adoption of the above applicable accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 14 to the financial statements.

(b) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 15 and 16 to the financial statements respectively.

(c) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date are disclosed in Note 10 to the financial statements.

(d) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Provision for Liquidated Ascertained Damages

Provisions are measured at the present value of management's best estimate of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

(f) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 12 to the financial statements.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, management is of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

(b) Going Concern

Management concludes that it is appropriate to prepare the financial statements on a going concern basis. The judgements applied in concluding the appropriate basis for preparing these financial statements are disclosed in Note 4.1 to the financial statements.

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in the equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

5.4 FINANCIAL INSTRUMENTS

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

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) RPS

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference share holders, or if dividend payments are not discretionary.

RPS are classified as financial liabilities in accordance with the substance of the contractual arrangement of the instruments. The RPS are measured at amortised cost using the effective interest method.

Dividends to holders of the RPS are recognised as finance costs, on an accrual basis.

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(e) 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 liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

5.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2022. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is recognised in profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	10% - 20%
Plant, office equipment, fittings and computers	10%
Renovation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

5.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 INVENTORIES

Unsold inventories of completed commercial and residential properties are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes cost of land, construction and appropriate development overheads. 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.

5.10 INVENTORY PROPERTIES

Inventory properties are properties acquired or being constructed for sale in the ordinary course of business, rather than be held for the Group's own use, rental or capital appreciation.

Inventory properties are held as inventories and are measured at lower of cost and net realisable value.

Net realisable value of inventory properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of inventory properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

For those lands where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle, such land is classified as Inventory properties – Land held for property development within non-current assets and is stated at cost less any accumulated impairment losses.

At the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle, the properties shall be reclassified from non-current to current.

5.11 CONTRACT COST ASSETS

Incremental Costs of Obtaining Contracts

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

5.12 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.14 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

5.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses and are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.19 OPERATING SEGMENTS

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

5.20 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

5.21 BORROWING COSTS

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 a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Property Development

The Group develops and sells residential and commercial properties before completion of construction of the properties.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs related less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) Construction Services

Revenue from construction contract is accounted for by the stage of completion method.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as contract assets. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) Rendering of Marketing and Management Services

Revenue from providing marketing and management services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

(d) Sale of land

Revenue from sale of land is recognised when all the conditions precedent in the sales and purchase agreement are fulfilled and upon transfer of significant risk and rewards of ownership of the land to the purchaser.

5.24 OTHER OPERATING INCOME

(a) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Rental income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

6. INVESTMENT IN SUBSIDIARIES

	The Company 2022 RM'000	2021 RM'000
Unquoted ordinary shares, at cost	460,192	460,192
Unquoted redeemable preference shares, at cost	95,000	95,000
	555,192	555,192
Accumulated impairment losses	(46,596)	(46,596)
	508,596	508,596

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2022 %	2021 %	Principal Activities
Subsidiaries of the Company				
Bayou Bay Development Sdn. Bhd.	Malaysia	100	100	Property development
Tebrau Bay Sdn. Bhd.	Malaysia	100	100	Property development and construction
Tebrau Bay Constructions Sdn. Bhd.	Malaysia	100	100	Construction of infrastructure and buildings
Southern Crest Development Sdn. Bhd.	Malaysia	100	100	Investment holding
Success Straits Sdn. Bhd.	Malaysia	100	100	Property development
Trillion Greencity Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of Bayou Bay Development Sdn. Bhd.				
Bayou Management Sdn. Bhd.	Malaysia	100	100	Property holding and development

The subsidiaries have the same reporting period as the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

7. INVESTMENT IN ASSOCIATES

	The Group 2022 RM'000	The Group 2021 RM'000
Unquoted ordinary shares, at cost	323	323
Unquoted redeemable preference shares, at cost	82,130	82,130
Share subscription monies for redeemable preference shares	2,189	2,189
Share of post-acquisition reserves	(39,760)	(39,760)
Elimination of unrealised profit	(44,882)	(44,882)
	-	-

The details of the associates are as follows:-

Name of Associates	Principal Place of Business	Percentage of Ownership 2022 %	Percentage of Ownership 2021 %	Principal Activities
Associate of Tebrau Bay Sdn. Bhd.				
Aset Nusantara Development Sdn. Bhd. ("ANDSB") #	Malaysia	49	49	Property development
Associate of Southern Crest Development Sdn. Bhd.				
Greenland Tebrau Sdn. Bhd. ("GTSB")	Malaysia	20	20	Property development

The investment in ANDSB has been fully impaired. ANDSB is currently under liquidation.

The summarised unaudited financial information for an associate that is material to the Group is as follows:

	GTSB 2022 RM'000	GTSB 2021 RM'000
Financial year ended 31 December		
Non-current assets	651	279
Current assets	270,948	258,992
Non-current liabilities	(116,198)	(99,072)
Current liabilities	(28,542)	(27,694)
Net assets	126,859	132,505

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

7. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised unaudited financial information for an associate that is material to the Group is as follows (Cont'd):-

	GTSB	
	2022 RM'000	2021 RM'000
12-month Period Ended 31 December		
Loss for the financial year/Total comprehensive loss	(5,642)	(7,418)
Proportion of the Group's ownership	20%	20%
Group's share of loss for the financial year/total comprehensive loss	(1,129)	(1,484)
Other adjustments	-	(911)
Share of losses in excess of investment not taken up	1,129	-
	-	(2,395)
Reconciliation of Net assets to Carrying Amount		
Group's share of net assets	25,372	26,501
Share subscription monies for redeemable preference shares	2,189	2,189
Elimination of unrealised profits	(44,882)	(44,882)
Group adjustment for write down of inventory properties to net realisable value	8,976	8,976
Share of losses in excess of investment not taken up	8,345	7,216
Carrying amount of the Group's interest in associate	-	-

8. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2022 RM'000	Additions RM'000	Write Off (Note 27) RM'000	Depreciation Charges (Note 27) RM'000	At 31.12.2022 RM'000
The Group					
2022					
Carrying Amount					
Motor vehicles	996	-	-	(279)	717
Plant, equipment and fittings	307	10	(11)	(87)	219
Renovation	19	-	-	(3)	16
	1,322	10	(11)	(369)	952

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

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

	At 1.1.2021 RM'000	Additions RM'000	Depreciation Charges (Note 27) RM'000	At 31.12.2021 RM'000
The Group				
2021				
Carrying Amount				
Motor vehicles	1,281	-	(285)	996
Plant, equipment and fittings	399	5	(97)	307
Renovation	21	-	(2)	19
	1,701	5	(384)	1,322

	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Group			
2022			
Motor vehicles	4,811	(4,094)	717
Plant, equipment and fittings	3,090	(2,871)	219
Renovation	338	(322)	16
	8,239	(7,287)	952
2021			
Motor vehicles	5,004	(4,008)	996
Plant, equipment and fittings	3,091	(2,784)	307
Renovation	338	(319)	19
	8,433	(7,111)	1,322

	At 1.1.2022 RM'000	Additions RM'000	Depreciation Charges (Note 27) RM'000	At 31.12.2022 RM'000
The Company				
2022				
Carrying Amount				
Computer	62	7	(25)	44
Furniture and equipment	118	2	(28)	92
Motor vehicles	21	-	(10)	11
Renovation	18	-	(2)	16
	219	9	(65)	163

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

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

	At 1.1.2021 RM'000	Additions RM'000	Depreciation Charges (Note 27) RM'000	At 31.12.2021 RM'000
The Company				
2021				
Carrying Amount				
Computer	70	5	(13)	62
Furniture and equipment	162	-	(44)	118
Motor vehicles	29	-	(8)	21
Renovation	20	-	(2)	18
	281	5	(67)	219

	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Company			
2022			
Computer	584	(540)	44
Furniture and equipment	538	(446)	92
Motor vehicles	85	(74)	11
Renovation	31	(15)	16
	1,238	(1,075)	163
2021			
Computer	577	(515)	62
Furniture and equipment	536	(418)	118
Motor vehicles	85	(64)	21
Renovation	31	(13)	18
	1,229	(1,010)	219

Included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM Nil (2021: RM437,000) held under hire purchase arrangements. These assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

9. INVESTMENT PROPERTIES

	The Group	
	2022 RM'000	2021 RM'000
Carrying Amount		
At 1 January	95	90
Gain on changes in fair value (Note 27)	-	5
At 31 December	95	95
Included in the above are:-		
Leasehold residential building, at fair value	95	95

Investment properties are stated at fair value, which has been determined based on valuations at the reporting date. Valuations are performed by an accredited independent valuer. The valuations are based on the comparison method, which involves comparing and adopting as a yardstick, recent transactions and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

	Range	
	2022	2021
Price per square foot	RM121 – RM123	RM98 – RM118

The fair values of the investment properties are within level 3 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENT

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current					
Other receivables:-					
Subsidiaries	(a)	-	-	82,485	102,838
Current					
Other receivables:-					
Third parties		20,497	20,155	15	22
Immediate holding company	(c)	147	147	147	147
Subsidiaries	(b)	-	-	213,639	196,348
Related parties	(c)	1,339	1,544	3	4
		21,983	21,846	213,804	196,521
Allowance for impairment losses:-					
Third parties		(13,365)	(13,365)	-	-
		8,618	8,481	213,804	196,521
Deposits		1,421	1,239	15	25
Prepayments		788	898	-	-
		10,827	10,618	213,819	196,546
Total		10,827	10,618	296,304	299,384
Allowance for impairment losses:-					
At 1 January/31 December		13,365	13,365	-	-

(a) The amount owing by subsidiaries (non-current) represent unsecured interest-free advances. The amount owing is not expected to be repayable within the next 12 months.

(b) The amount owing by subsidiaries (current) represent unsecured interest-free advances and loans granted to finance acquisition and reclamation of land. The amounts owing are repayable on demand, except for an amount of RM98,000,000 (2021: RM98,000,000) which bears effective interest rate of COF +1.75% (2021: COF +1.75%) per annum.

(c) The amount owing by immediate holding company and related parties (current) in which a director has substantial financial interest represent unsecured interest-free advances. The amounts owing are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

11. OTHER INVESTMENTS

	The Group 2022 RM'000	The Group 2021 RM'000
Club membership, at cost	90	90

12. DEFERRED TAX (ASSETS)/LIABILITIES

	At 1.1.2022 RM'000	Recognised In Profit or Loss (Note 28) RM'000	At 31.12.2022 RM'000
The Group			
2022			
Deferred Tax Liabilities			
Property, plant and equipment	21	(21)	-
Inventory properties	96,597	(21)	96,576
	96,618	(42)	96,576
Deferred Tax Assets			
Provisions	(10,731)	9,955	(776)
Unabsorbed capital allowances	-	(40)	(40)
Unutilised tax losses	-	(1,426)	(1,426)
Other temporary differences	(10,846)	12	(10,834)
	(21,577)	8,501	(13,076)
	75,041	8,459	83,500

	At 1.1.2021 RM'000	Recognised In Profit or Loss (Note 28) RM'000	At 31.12.2021 RM'000
The Group			
2021			
Deferred Tax Liabilities			
Property, plant and equipment	32	(11)	21
Inventory properties	96,637	(40)	96,597
	96,669	(51)	96,618
Deferred Tax Assets			
Provisions	(11,636)	905	(10,731)
Other temporary differences	(8,274)	(2,572)	(10,846)
	(19,910)	(1,667)	(21,577)
	76,759	(1,718)	75,041

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

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

	The Group	
	2022 RM'000	2021 RM'000
Represented by:-		
Deferred tax assets	(13,076)	(21,556)
Deferred tax liabilities	96,576	96,597
	83,500	75,041

The deferred tax assets on unused tax losses and provisions have been recognised by subsidiaries on the basis of their previous history of recording profits and to the extent that it is probable that future profits will be available against which the temporary differences can be utilised.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Unused tax losses:		
- expires year of assessment 2028	50,442	52,378
- expires year of assessment 2029	330	469
- expires year of assessment 2030	40	40
- expires year of assessment 2031	7,665	7,189
- expires year of assessment 2032	5,615	-
Unabsorbed capital allowances	26	106
Other deductible temporary differences	17,258	24,966
	81,376	85,148

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

13. INVENTORY PROPERTIES

	The Group 2022 RM'000	2021 RM'000
Land held for property development	69,463	122,355
Property development costs	1,148,506	1,140,371
	1,217,969	1,262,726

(a) Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
2022				
Cost				
At 1 January	90,000	28,873	3,482	122,355
Disposal	(51,000)	-	(1,892)	(52,892)
At 31 December	39,000	28,873	1,590	69,463
2021				
Cost				
At 1 January/31 December	90,000	28,873	3,482	122,355

(b) Property development costs

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
2022				
Cumulative cost				
At 1 January	631,161	312,280	510,177	1,453,618
Additions	-	-	11,093	11,093
At 31 December	631,161	312,280	521,270	1,464,711
Cumulative cost recognised in profit or loss				
At 1 January	(11,338)	(38,170)	(263,739)	(313,247)
Additions	-	-	(2,958)	(2,958)
At 31 December	(11,338)	(38,170)	(266,697)	(316,205)
Carrying amount	619,823	274,110	254,573	1,148,506

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

13. INVENTORY PROPERTIES (CONT'D)

(b) Property development costs (Cont'd)

	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
2021				
Cumulative cost				
At 1 January	631,161	312,280	470,776	1,414,217
Additions	-	-	39,401	39,401
At 31 December	631,161	312,280	510,177	1,453,618
Cumulative cost recognised in profit or loss				
At 1 January	(11,338)	(38,170)	(250,657)	(300,165)
Additions	-	-	(13,082)	(13,082)
At 31 December	(11,338)	(38,170)	(263,739)	(313,247)
Carrying amount	619,823	274,110	246,438	1,140,371

(c) Land held for property development and property development costs with total carrying amount of RM273,525,774 (2021: RM265,475,000) has been pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

(d) Included in property development costs are borrowing costs capitalised during the financial year amounting to RM4,594,100 (2021: RM4,032,019).

(e) Leasehold land registered under the name of a shareholder of the Company

By a Development Agreement dated 23 March 1999 between certain subsidiaries and Kumpulan Prasarana Rakyat Johor Sdn. Bhd. ("KPRJ"), a shareholder of the Company, these subsidiaries were granted beneficial ownership of various parcels of leasehold land. On 19 May 2006, the subsidiaries were exempted by the Securities Commission Malaysia from the requirement of registering the lands under the names of the subsidiaries. On 28 December 2006, titles to a portion of the leasehold lands were registered under the names of the subsidiaries. At the reporting date, leasehold land and development expenditure with carrying value of RM206,371,394 (2021: RM189,962,000) are registered under the name of KPRJ.

(f) Rehabilitation of abandoned project

Pursuant to a Development Agreement signed in 1999 ("DA") between Tebrau Bay Sdn. Bhd. ("TBSB"), a subsidiary of the Group, and Aset Nusantara Development Sdn. Bhd. ("ANDSB"), an associated company of the Group, ANDSB was granted power of attorney ("PA") to develop a parcel of the Group's land with carrying amount of RM19,257,000 (2021: RM19,527,000). The PA was terminated on 6 April 2020 as ANDSB was not able to fulfil the terms of the DA. ANDSB is currently undergoing liquidation and the development has been classified by the authorities as an abandoned project.

In 2015, TBSB entered into a Construction Agreement with the liquidator of ANDSB to rehabilitate the abandoned project. Construction work commenced in 2016 and revenue and costs relating to the rehabilitation of the project are recognised in the statements of comprehensive income. The outcome of the construction cannot be reliably measured due to incomplete information on the number of house buyers and amount of progress billings. Accordingly, the revenue is recognised to the extent of costs incurred that is probable will be recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

14. INVENTORIES

	The Group 2022 RM'000	2021 RM'000
Completed properties held for sale	37,804	65,318

(a) The amount of inventories recognised as an expense in cost of sales was RM27,513,110 (2021: RM3,721,000).

(b) The inventories of a subsidiary at the end of reporting period was an amount of RM10,060,880 (2021: RM32,676,156) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

15. TRADE RECEIVABLES

	The Group 2022 RM'000	2021 RM'000
Third parties	130,162	120,162
Related parties	2,238	-
	132,400	120,162
Allowance for impairment losses:-		
Third parties	(2,938)	(2,938)
	129,462	117,224

(a) The Group's normal trade credit terms range from 30 to 60 (2021: 30 to 60) days.

(b) Included in trade receivables are retention sum totalling RM32,186 (2021: RM32,186).

(c) Included in trade receivables is an amount of RM91,540,076 (2021: RM91,104,261), which arose from a compulsory acquisition by the State Government of Johor Darul Takzim ("SGJ"). The receivable will be mainly settled by transfers of land of equivalent value from SGJ.

16. CONTRACT ASSETS/(LIABILITIES)

Contract Assets

	The Group 2022 RM'000	2021 RM'000
Construction contracts	14,331	17,517
Marketing and management service contracts	-	1,325
Property development contracts	6,438	5,334
Incremental costs of obtaining contracts	769	1,103
	21,538	25,279
Allowance for impairment loss:-		
- construction contracts	(1,966)	-
	19,572	25,279

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

Contract Assets (Cont'd)

The movement in the loss allowances in respect of the contract assets are summarised below:-

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	-	-
Addition during the financial year (Note 27)	1,966	-
At 31 December	1,966	-

Contract Liabilities

	The Group	
	2022 RM'000	2021 RM'000 (Restated)
Construction contracts	(572)	(569)
Marketing and management service contracts	(1)	-
	(573)	(569)

(a) The changes to contract assets and contract liabilities balances during the financial year are summarised as below:-

Construction Contracts

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	16,948	18,016
Contract revenue recognised during the financial year	(2,224)	387
Billings to customers during the financial year (transferred to trade receivables)	(965)	(1,455)
Impairment losses recognised in profit or loss (Note 27)	(1,966)	-
At 31 December	11,793	16,948
Represented by:-		
Contract assets	12,365	17,517
Contract liabilities	(572)	(569)
	11,793	16,948

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) The changes to contract assets and contract liabilities balances during the financial year are summarised as below (Cont'd):-

Marketing and Management Service Contracts

	The Group	
	2022 RM'000	**2021 RM'000**
At 1 January	1,325	1,059
Contract revenue recognised during the financial year	334	266
Billings to customers during the financial year (transferred to trade receivables)	(1,660)	-
At 31 December	(1)	1,325
Represented by:-		
Contract assets	-	1,325
Contract liabilities	(1)	-
	(1)	1,325

Property Development Contracts

	The Group	
	2022 RM'000	**2021 RM'000**
At 1 January	5,334	8,212
Property development revenue recognised during the financial year	42,073	17,337
Billings to customers during the financial year (transferred to trade receivables)	(40,969)	(20,215)
At 31 December	6,438	5,334
Represented by:-		
Contract assets	6,438	5,334

(b) The incremental costs of obtaining contracts primarily comprise sales commission and legal fee incurred to secure sales of property units. These costs are to be amortised over the period when the related revenue is recognised.

(c) The contract assets primarily relate to the Group's right to consideration for work completed but not yet billed as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers.

(d) The contract liabilities primarily relate to amounts billed for unfulfilled performance obligations. The amount will be recognised as revenue when the performance obligations are satisfied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

16. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(e) Revenue expected to be recognised in the future relating to performance obligation that are unsatisfied at the reporting date are as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Property development revenue		
Within 1 year	10,364	12,778
Construction revenue		
Within 1 year	4,472	4,482
More than 1 year	28,999	29,435
	33,471	33,917
	43,835	46,695

17. SHORT-TERM INVESTMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term money market fund, at fair value	554	427	78	76

(a) The funds invest mainly into corporate bond, deposits and money market instruments and thus have minimum exposure to changes in market value.

(b) The weighted average effective rate at the end of the reporting period was ranging from 1.91% to 2.50% (2021: 1.21% to 2.13%) per annum. There is no maturity period for the short-term investments as these monies are callable on demand.

18. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bear effective interest rates ranging from 1.85% to 2.70% (2021: 1.50% to 2.16%) per annum and 1.75% (2021: 2.10%) per annum respectively. The fixed deposits have maturity periods ranging from 30 to 365 (2021: 30 to 365) days and 30 (2021: 30) days for the Group and the Company respectively.

(b) Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM15,558,590 (2021: RM15,589,876) and RM1,735,153 (2021: RM1,705,275) which has been pledged to licensed bank as security for banking facilities granted to the Group and the Company respectively as disclosed in Note 22 to the financial statements.

19. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group is an amount of RM2,741,524 (2021: RM1,624,555) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002. The amount is held at call with banks and is available only to the subsidiaries involved in the property development activities.

20. SHARE CAPITAL

	The Group/The Company			
	2022	2021	2022	2021
	Number Of Shares ('000)		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	921,128	837,389	766,884	726,946
Issuance of new shares for cash	-	83,739	-	40,195
Transaction costs	-	-	-	(257)
At 31 December	921,128	921,128	766,884	766,884

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) In the previous financial year, the Company increased its issued and paid-up share capital from RM726,946,310 to RM766,883,505 by way of issuance of 83,738,885 new ordinary shares at RM0.48 each through a private placement exercise for working capital purposes.

The new ordinary shares issued rank equally in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

21. OTHER PAYABLES AND ACCRUALS

	Note	The Group 2022 RM'000	The Group 2021 RM'000	The Company 2022 RM'000	The Company 2021 RM'000
Non-current					
Other payables:-					
Related parties	(a)	307,030	251,711	-	-
Current					
Other payables:-					
Third parties		19,986	21,076	542	696
Related parties	(b)	873	16,418	790	746
Shareholder	(b)	1,824	1,824	1,824	1,824
		22,683	39,318	3,156	3,266
Deposits		19,505	19,424	-	-
Accruals		1,645	2,277	259	828
		43,833	61,019	3,415	4,094
Total		350,863	312,730	3,415	4,094

(a) Amount owing to related parties (non-current) comprises of a loan of RM293.5 million (2021: RM251.7 million) from a related company which is unsecured and bears interest rate of 7% (2021: 7%) per annum and an interest free advances of RM13.5 million from a company which a director has substantial financial interests. The amounts owing are not expected to be repayable within the next 12 months.

(b) Amount owing to related parties in which a director has substantial financial interests and shareholder (current) represent unsecured interest-free advances. The amounts owing is repayable on demand.

(c) On 3 April 2015, a subsidiary of the Company, namely Tebrau Bay Sdn. Bhd. ("TBSB") entered into a Sale and Purchase Agreement ("SPA") with Greenland Tebrau Sdn. Bhd. ("GTSB") to dispose of 3 parcels of land for a consideration of RM2,373,079,000. Subsequently on 5 May 2017, TBSB and GTSB entered into a Supplementary Agreement ("SA") to vary, modify and amend certain terms and conditions of the SPA.

In 2017, the disposals of certain tranches of land were completed with revenue and cost of sales amounting to RM205,886,000 and RM35,133,000 respectively recognised upon fulfilment of conditions precedent.

In February 2020, TBSB entered into a second supplemental agreement with GTSB to offset RM185,298,000 of the deposit received against the receivable relating to the completion of the sale of the first tranche of land completed in 2017. The SPA was deemed completed and the parties were released from any further obligations under the SPA or SA. The residual deposit of RM17,556,000 was retained by the Group and will be applied as part payment for any purchase of land from the Group by GTSB in future.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

22. LOANS AND BORROWINGS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Bridging loan	-	18,058	-	-
Current				
Hire purchase payables	-	42	-	-
Bridging loan	17,572	42,790	-	-
Revolving credit	100,000	100,000	100,000	100,000
Bank overdrafts	6,376	8,461	-	-
	123,948	151,293	100,000	100,000
Total loans and borrowings	123,948	169,351	100,000	100,000

Bridging loan

(a) The bridging loan is secured by:-

(i) Legal charge over the inventory properties of the Group as disclosed in Note 13(c) to the financial statements;

(ii) Assignment and charge over the following designated accounts:
- Housing Development Account ("HDA"); and
- Debt Service Reserve Account ("DSRA"),

which included in fixed deposits with licensed banks of the Group as disclosed in Note 18(b) to the financial statements;

(iii) Debenture by way of fixed and floating charge over all present and future assets of a subsidiary, Bayou Management Sdn. Bhd; and

(iv) Corporate guarantee by the Company.

(b) The bridging loan of the Group at the end of the reporting period bear floating interest rates of 5.80% (2021: 4.22% to 4.33%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

22. LOANS AND BORROWINGS (CONT'D)

Revolving credit

(a) The revolving credit of the Group and the Company is secured by:-

(i) Legal charge over a freehold land in Mukim Plentong, Johor Bahru as disclosed in Note 13(c) to the financial statements;

(ii) Assignment and charge over a designated escrow account maintained with the bank into which any land sale proceeds is to be credited; and

(iii) Fixed deposit with licensed banks as disclosed in Note 18(b) to the financial statements.

(b) The revolving credit is secured by a negative pledge that imposes certain covenants on the Group. The significant covenant of the revolving credit is the Group debt-to-equity ratio shall not exceed 0.75 times.

(c) The revolving credit of the Group and the Company at the end of the reporting period bear floating interest rates of 5.46% (2021: 4.40%) per annum.

(d) The unamortised transaction costs in relation to revolving credit are analysed as follows:

	The Group/The Company	
	2022	2021
	RM'000	RM'000
At 1 January	-	331
Amortised during the financial year (Note 27)	-	(331)
At 31 December	-	-

Bank overdrafts

(a) The bank overdrafts of the Group are secured by:-

(i) Legal charge over a vacant leasehold land as disclosed in Note 13(c) to the financial statements;

(ii) Fixed deposit with licensed banks as disclosed in Note 18(b) to the financial statements; and

(iii) Corporate guarantee by the Company.

(b) The bank overdrafts are secured by a negative pledge that imposes certain covenants on the subsidiary that have received this overdrafts. The significant covenant of the bank overdrafts is the subsidiary's gearing ratio shall not exceed 2.5 times.

(c) The bank overdrafts of the Group at the end of the reporting period bear floating interest rates ranging from 7.31% to 8.56% (2021: 5.91% to 7.67%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

23. REDEEMABLE PREFERENCE SHARES ("RPS")

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	-	-
Issued during the financial year	8,500	-
Share application money received for RPS subscription	1,999	-
At 31 December	10,499	-

During the financial year, Bayou Management Sdn Bhd ("BMSB") issued 8,500,000 units of RPS at an issue price of RM1.00 per RPS. In addition, the subscription agreements for additional 2,000,000 units of RPS had been signed during the financial year and share application money of RM1,999,550 has been received by BMSB during the financial year.

The salient feature of RPS are as follows:

(a) The RPS shall be redeemed in full at the option of BMSB within 12 months after the date of issue of the RPS or at a further extension of 6 months at the redemption price of RM1.00 per share.

(b) The RPS shall carry the right to receive a preferential fixed cumulative dividend to be declared by the Board of BMSB on the basis of a capital annual growth rate ("CAGR") on the issue price of 10% per annum. The payment of CAGR shall be at the discretion of BMSB and the dividend shall be payable in priority to the accrual and payment of any dividend to the holders of ordinary shares and other classes of preference shares issues by BMSB.

(c) The RPS are not convertible.

(d) The RPS will rank on par among themselves in all respects and in priority to the ordinary share of BMSB and any other preference shares issued from time to time subsequent to the issuance of the RPS, but after all secured obligations of BMSB.

(e) The RPS holders do not carry any right to vote at any general meeting of BMSB except:-

  (i) of the date of the notice convening the meeting any dividend on the RPS has been declared but remains unpaid for more than sixty (60) days; or

  (ii) on resolutions which varies or is deemed to vary the rights attaching to RPS; or

  (iii) to declare dividends to other classes of shares whilst there remain preference dividends in arrears; or

  (iv) on any resolution for the winding up or disposal of properties, business and undertaking of BMSB except for in ordinary course of business of BMSB.

(f) In the event of any liquidation or winding up of the BMSB, RPS shall rank in priority to ordinary shares and other classes of preference shares issued by BMSB for the repayment of the redemption price and all preferential dividend declared and accrued up to the date of commencement of the winding-up. The RPS does not carry any right to participate in the profits or surplus assets of the BMSB.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

24. TRADE PAYABLES

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Third parties	82,527	97,033
Related parties	34,823	81,606
	117,350	178,639

(a) The normal trade credit term granted to the Group ranging from 30 to 90 (2021: 30 to 90) days.

(b) Included in the third parties and related parties are retention sum payables totalling RM8,971,589 (2021: RM10,327,500) and RM2,416,854 (2021: RM6,156,837) respectively.

25. PROVISIONS

	The Group	
	2022	**2021**
	RM'000	**RM'000**
Provision for incremental costs		
At 1 January	1,766	2,233
Provision made during the financial year	383	1,730
Provision reversed/utilised during the financial year	(831)	(2,197)
At 31 December	1,318	1,766
Provision for project costs		
At 1 January	3,643	3,643
Provision made during the financial year	2	-
At 31 December	3,645	3,643
	4,963	5,409

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

26. REVENUE

	The Group 2022 RM'000	The Group 2021 RM'000
Revenue from Contracts with Customers		
Recognised over time		
Construction contracts	(2,224)	387
Marketing and management services rendered	334	266
Sales of development properties	1,894	13,697
Recognised at a point in time		
Sales of completed properties	39,114	3,651
Sales of land	53,240	-
	92,358	18,001

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 33.2 to the financial statements.

(b) The information on the unsatisfied performance obligations is disclosed in Note 16(e) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

27. LOSS BEFORE TAX

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before tax is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fees	281	326	65	145
- non-audit fees	5	18	5	8
Amortisation of transaction costs on loan (Note 22)	-	331	-	-
Depreciation of property, plant and equipment (Note 8)	369	384	65	67
Directors' fee and allowances	463	412	409	360
Directors' remuneration:-				
- salaries and bonuses	288	342	24	28
- defined contribution benefits	35	41	2	3
Impairment loss on contract assets (Note 16)	1,966	-	-	-
Lease expenses:				
- short-term leases	118	189	22	37
- low value assets	28	28	8	10
Property, plant and equipment written off (Note 8)	11	-	-	-
Provisions (Note 25)	385	1,730	-	-
Staff costs:				
- short-term employee benefits	2,274	2,722	105	138
- defined contribution benefits	206	245	10	11
- others	66	52	22	26
Total interest expenses on financial liabilities that are not at fair value through profit or loss	22,322	17,723	96	89
Fair value gain on investment properties (Note 9)	-	(5)	-	-
Gain on disposal of property, plant and equipment	(39)	-	-	-
Interest income on short-term investment	(355)	(297)	(2)	-
Total interest income on financial assets measured at amortised cost	(558)	(553)	(30)	(29)
Rental income	(203)	(34)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

28. TAX EXPENSE/(INCOME)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense	114	-	-	-
Under/(over)provision in the previous financial years	15	(1,550)	-	-
	129	(1,550)	-	-
Deferred tax (Note 12):				
- origination and reversal of temporary differences	8,459	(2,704)	-	-
- underprovision in the previous financial year	-	986	-	-
	8,459	(1,718)	-	-
	8,588	(3,268)	-	-

A reconciliation of tax expense/(income) applicable to the loss before tax at the statutory tax rate to tax expense/(income) at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before tax	(23,617)	(31,197)	(1,820)	(1,433)
Tax at the statutory tax rate of 24% (2021: 24%)	(5,668)	(7,487)	(437)	(344)
Tax effects of:				
Non-taxable income	(85)	(77)	-	(7)
Non-deductible expenses	2,154	1,140	437	133
Deferred tax assets not recognised during the financial year	4,560	3,145	-	218
Reversal of deferred tax assets previously recognised	8,480	-	-	-
Utilisation of deferred tax assets previously not recognised	(868)	-	-	-
Overprovision of current income tax in the previous financial year	-	(1,550)	-	-
Underprovision of deferred tax in the previous financial year	-	986	-	-
Underprovision of real property gains tax in the previous financial year	15	-	-	-
Share of results of associate	-	575	-	-
	8,588	(3,268)	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

28. TAX EXPENSE/(INCOME) (CONT'D)

Income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

	The Group 2022 RM'000	The Group 2021 RM'000
Income tax savings during the financial year arising from:-		
Utilisation of tax losses previously not recognised as deferred tax assets	(685)	-

29. LOSS PER SHARE

	The Group 2022	The Group 2021
Loss after tax attributable to owners of the Company (RM'000)	(32,205)	(27,929)
Weighted average number of ordinary shares in issue ('000)	921,128	893,215
Basis and diluted loss per share (sen)	(3.50)	(3.13)

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

30. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

	Redeemable Preference Shares RM'000	Bridging Loan RM'000	Hire Purchase Payables RM'000	Revolving Credit RM'000	Bank Overdrafts RM'000	Other Payables and Accruals* RM'000	Total RM'000
The Group							
2022							
At 1 January	-	60,848	42	100,000	-	269,953	430,843
Changes in Financing Cash Flows							
Advances from related parties	-	-	-	-	-	24,675	24,675
Issuance of RPS (Note 23)	8,500	-	-	-	-	-	8,500
Repayment of principal	-	(43,276)	(42)	-	-	-	(43,318)
Repayment of interests	-	(2,149)	#	(4,794)	(489)	-	(7,432)
Share application money received for RPS subscription (Note 23)	1,999	-	-	-	-	-	1,999
	10,499	(45,425)	(42)	(4,794)	(489)	24,675	(15,576)
Other Changes							
Interest expenses capitalised under inventory properties (Note 13(d))	-	-	-	4,594	-	-	4,594
Interest expenses recognised in profit or loss^	-	2,149	#	200	489	15,217	18,055
	-	2,149	-	4,794	489	15,217	22,649
At 31 December	10,499	17,572	-	100,000	-	309,845	437,916

* Other payables and accruals represent amount owing to related parties, amount owing to shareholder and interest accrued for RPS.
^ Interest expenses represent interest related to financing activities.
# Amount less than RM500.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

30. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows:-

	Bridging Loan RM'000	Hire Purchase Payables RM'000	Revolving Credit RM'000	Bank Overdrafts RM'000	Other Payables* RM'000	Total RM'000
The Group						
2021						
At 1 January	78,411	188	100,000	-	248,584	427,183
Changes in Financing Cash Flows						
Advances from related parties	-	-	-	-	7,703	7,703
Repayment of principal	(17,894)	(146)	-	-	-	(18,040)
Repayment of interests	(3,320)	(6)	(4,212)	(551)	-	(8,089)
	(21,214)	(152)	(4,212)	(551)	7,703	(18,426)
Other Changes						
Amortisation of transaction costs on loan (Note 27)	331	-	-	-	-	331
Interest expenses capitalised under inventory properties (Note 13(d))	-	-	4,032	-	-	4,032
Interest expenses recognised in profit or loss (Note 27)	3,320	6	180	551	13,666	17,723
	3,651	6	4,212	551	13,666	22,086
At 31 December	60,848	42	100,000	-	269,953	430,843

* Other payables represent amount owing to related parties and amount owing to shareholder.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

30. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Revolving Credit RM'000
The Company	
2022	
At 1 January	100,000
Changes in Financing Cash Flows	
Total repayment of interests	(4,794)
Repayment of interests backcharged to subsidiaries	4,698
Net repayment of interests	(96)
Other Changes	
Total interest expenses	4,794
Interest expenses backcharged to subsidiaries	(4,698)
Interest expenses recognised in profit or loss (Note 27)	96
At 31 December	100,000
2021	
At 1 January	100,000
Changes in Financing Cash Flows	
Total repayment of interests	(4,212)
Repayment of interests backcharged to subsidiaries	4,123
Net repayment of interests	(89)
Other Changes	
Total interest expenses	4,212
Interest expenses backcharged to subsidiaries	(4,123)
Interest expenses recognised in profit or loss (Note 27)	89
At 31 December	100,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

30. CASH FLOW INFORMATION (CONT'D)

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Payment of short-term leases	118	189	22	37
Payment of low-value assets	28	28	8	10
	146	217	30	47

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	15,690	38,131	1,735	1,705
Cash and bank balances	8,212	2,902	854	249
Bank overdrafts (Note 22)	(6,376)	(8,461)	-	-
	17,526	32,572	2,589	1,954
Less: Fixed deposits pledged to licensed banks (Note 18)	(15,559)	(15,590)	(1,735)	(1,705)
Fixed deposits with tenure of more than 3 months	-	(4,624)	-	-
	1,967	12,358	854	249

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

31. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company				
Short-term employee benefits:				
- fees and allowances	409	360	409	360
- salaries, bonuses and other benefits	288	342	24	28
	697	702	433	388
Defined contribution benefits	35	41	2	3
	732	743	435	391
Directors of the Subsidiaries				
Short-term employee benefits:				
- fees and allowances	54	52	-	-
Total directors' remuneration (Note 27)	786	795	435	391

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM30,725 and RM30,725 (2021: RM34,000 and RM34,000) respectively.

32. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, ultimate holding company, associates, key management personnel and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

32. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries				
Interest expenses backcharged	-	-	4,698	4,123
Related parties				
Construction costs paid and payables	7,704	33,450	-	-
Interest expenses paid and payables	19,366	13,666	-	-
Landscaping works paid and payables	1,418	283	-	-
Rental paid and payables	52	36	-	-
Rental received and receivables	48	-	-	-
Sales of properties	-	6,829	-	-
Sales of land	53,240	-	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

33. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and had three reportable operating segments as follows:

- Property development – the development of residential and commercial properties;
- Construction; and
- Other operations of the Group mainly comprises of property investment and investment holding, neither of which constitutes as separately reportable segment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

33. OPERATING SEGMENTS (CONT'D)

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. These transactions are eliminated on consolidation.

33.1 BUSINESS SEGMENTS

	Property Development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000
2022				
Revenue				
External revenue	94,582	(1,800)	(424)	92,358
Results				
Segment profit/(loss)	3,238	(2,548)	(85)	605
Finance costs				(22,481)
Unallocated expenses				(1,741)
Loss before tax				(23,617)
Assets				
Segment assets	1,344,833	300,977	(529,493)	1,116,317
Investment properties				95
Other investments				90
Unallocated assets				343,997
Consolidated total assets				1,460,499
Liabilities				
Segment liabilities	(451,647)	(605,311)	444,702	(612,256)
Unallocated liabilities				(103,415)
Consolidated total liabilities				(715,671)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Property Development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000
2022				
Other segment information				
Segment capital expenditure	1	-	-	1
Unallocated corporate capital expenditure				9
Consolidated total capital expenditure				10
Depreciation of property, plant and equipment	61	243	-	304
Impairment loss on contract assets	1,966	-	-	1,966
Interest expenses	19,653	2,573	-	22,226
Property, plant and equipment written off	11	-	-	11
Gain on disposal of property, plant and equipment	(39)	-	-	(39)
Interest income	(409)	(472)	-	(881)
Provision	385	-	-	385
Unallocated expenses:				
- Depreciation of property, plant and equipment	-	-	-	65
- Interest expenses	-	-	-	96
- Interest income	-	-	-	(32)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Property Development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000
2021				
Revenue				
External revenue	17,614	387	-	18,001
Results				
Segment loss	(6,179)	(2,889)	(171)	(9,239)
Finance costs				(18,175)
Unallocated expenses				(1,388)
Share of loss of equity accounted associates				(2,395)
Loss before tax				(31,197)
Assets				
Segment assets	1,421,030	302,285	(518,688)	1,204,627
Investment properties				95
Other investments				90
Unallocated assets				346,496
Consolidated total assets				1,551,308
Liabilities				
Segment liabilities	(520,687)	(583,409)	433,916	(670,180)
Unallocated liabilities				(104,095)
Consolidated total liabilities				(774,275)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

33. OPERATING SEGMENTS (CONT'D)

33.1 BUSINESS SEGMENTS (CONT'D)

	Property Development RM'000	Construction RM'000	Eliminations RM'000	Consolidated RM'000
Other segment information				
Unallocated corporate capital expenditure	-	-	-	5
Amortisation of transaction costs	331	-	-	331
Depreciation of property, plant and equipment	62	255	-	317
Interest expenses	14,993	2,641	-	17,634
Provisions	1,730	-	-	1,730
Fair value gain on investment property	-	(5)	-	(5)
Interest income	(372)	(449)	-	(821)
Unallocated expenses:				
- Depreciation of property, plant and equipment	-	-	-	67
- Interest expenses	-	-	-	89
- Share of net losses of equity accounted associates	-	-	-	2,395
- Interest income	-	-	-	(29)

33.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in one business segment in Malaysia. Accordingly, the information by business and geographical segments is not presented.

33.3 MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

34. CONTINGENT LIABILITIES

Writ and Statement of Claim by Tenaga Nasional Berhad ("TNB" or the "Plaintiff")

On 17 November 2020, the Company ("First Defendant") and its subsidiary, Tebrau Bay Constructions Sdn. Bhd. ("TBCSB" or "Second Defendant") received a Writ of Summon of Claim ("Claim") filed by TNB at the High Court. In the Claim, TNB alleged that reclamation works undertaken by the Defendants in 2014 on Lot PTD 121257 Kampung Senibong have trespassed on the right of way ("ROW") of TNB's submarine cables. Another subsidiary, Tebrau Bay Sdn. Bhd. ("TBSB") was included in the suit as a 3rd Defendant on 5 December 2021. The Claim seeks amongst others, the following reliefs:

- Perpetual injunction order against the Defendants from carrying out any activities on TNB's ROW without TNB's permission;
- Damages of RM76,565,000;
- General damages against losses suffered by the Plaintiff and economic loss damage to be assessed by the Court, together with interest at the rate of 5% per annum from the filling of the suit to the date of full settlement; and
- Other damages, costs and reliefs which the Court deems fit and proper.

The Group has appointed a counsel to defend the claim. The Company and TBCSB had on 31 January 2021 and TBSB had on 13 July 2022, file an application to strike out the Plaintiff's suit ("Defendants' Striking Out Applications"). The Group's defence, amongst others, is that at all material times, the reclamation works are carried out by independent contractors outside of the Plaintiff's ROW, in accordance with plans approved by the Johor Bahru City Council since 2000. Further, the Plaintiff has not provided any evidence of the nature, cause and quantum of the alleged damage to the submarine cables.

Due to the above, the Group is of the view that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and has accordingly disclosed the details of the Claim as a contingent liability.

The hearing of three Defendants' Striking Out Applications has been scheduled on 14 June 2023 and the directions in respect of the Discovery and Interrogatories Applications by the First and Second Defendants will be dealt with at the same date during the Defendants' striking out applications' hearing.

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from short-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with a licensed bank are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 22 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2022 RM'000	**2021 RM'000**
Effects on Loss after Tax		
Increase of 100 (2021:100) basis points	(429)	(759)
Decrease of 100 (2021:100) basis points	429	759

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk related to the amounts owing by 2 (2021:2) customers which constituted approximately 85% (2021: 78%) of its trade receivables (including related parties) at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also include corporate guarantees provided to its subsidiaries of RM23,948,000 (2021: RM69,309,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair values on initial recognition were not material.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the aging of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivables is unlikely to repay its debt to the Group in full or is more than 180 days past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables including related parties and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

Purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will not transfer to cash purchasers in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk from its property development activities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have a low risk of default as they have a strong capacity to meet their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
The Group			
2022			
Current (not past due)	94,751	-	94,751
1 to 30 days past due	6,006	-	6,006
31 to 60 days past due	1,627	-	1,627
61 to 90 days past due	9,983	-	9,983
91 to 120 days past due	-	-	-
More than 121 days past due	17,095	-	17,095
Credit impaired	2,938	(2,938)	-
Trade receivables	132,400	(2,938)	129,462
Contract assets	21,538	(1,966)	19,572
	153,938	(4,904)	149,034
2021			
Current (not past due)	96,907	-	96,907
1 to 30 days past due	-	-	-
31 to 60 days past due	525	-	525
61 to 90 days past due	5,619	-	5,619
91 to 120 days past due	-	-	-
More than 121 days past due	14,173	-	14,173
Credit impaired	2,938	(2,938)	-
Trade receivables	120,162	(2,938)	117,224
Contract assets	25,279	-	25,279
	145,441	(2,938)	142,503

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 15 and 16 to the financial statements respectively.

Other Receivables and Amount Owing by Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 180 days past due in making a contractual payment.

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 180 days past due	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Owing by Related Parties (Cont'd)

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Group			
2022			
Low credit risk	8,618	-	8,618
Significant increase in credit risk	-	-	-
Credit impaired	13,365	(13,365)	-
	21,983	(13,365)	8,618
2021			
Low credit risk	8,481	-	8,481
Significant increase in credit risk	-	-	-
Credit impaired	13,365	(13,365)	-
	21,846	(13,365)	8,481

The movements in the loss allowances in respect of other receivables are disclosed in Note 10 to the financial statements.

The Company

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practices prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000
The Group					
2022					
Non-derivative Financial Liabilities					
Redeemable preference shares	10	10,499	11,432	11,432	-
Trade payables	-	117,350	117,350	117,350	-
Other payables	7	293,539	309,295	-	309,295
Other payables and accruals	-	37,819	37,819	24,328	13,491
Bridging loan	5.80	17,572	18,591	18,591	-
Revolving credit	5.46	100,000	105,460	105,460	-
Bank overdrafts	7.31 - 8.56	6,376	6,376	6,376	-
		583,155	606,323	283,537	322,786

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1-5 Years RM'000
The Group					
2021					
Non-derivative Financial Liabilities					
Trade payables	-	178,639	178,639	178,639	-
Other payables	7	251,711	265,377	-	265,377
Other payables and accruals	-	41,595	41,595	41,595	-
Hire purchase	2.39 – 2.55	42	42	42	-
Bridging loan	4.22 – 4.33	60,848	65,233	46,043	19,190
Revolving credit	4.40	100,000	104,400	104,400	-
Bank overdrafts	5.91 - 7.67	8,461	8,461	8,461	-
		641,296	663,747	379,180	284,567

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
The Company				
2022				
Non-derivative Financial Liabilities				
Other payables and accruals	-	3,415	3,415	3,415
Revolving credit	5.46	100,000	105,460	105,460
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	23,948	23,948
		103,415	132,823	132,823
2021				
Non-derivative Financial Liabilities				
Other payables and accruals	-	4,094	4,094	4,094
Revolving credit	4.40	100,000	104,400	104,400
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	69,309	69,309
		104,094	177,803	177,803

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 CAPITAL RISK MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. Net debt comprises loans and borrowings, and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Company.

	The Group	
	2022 RM'000	2021 RM'000
Loans and borrowings	123,948	169,351
Redeemable preference shares	10,499	-
Trade payables	117,350	178,639
Other payables and accruals	350,863	312,730
	602,660	660,720
Less: Cash and bank balances	(8,212)	(2,902)
Fixed deposits with licensed banks	(15,690)	(38,131)
Short-term investments	(554)	(427)
Net debts	578,204	619,260
Total equity	744,828	777,033
Total equity and net debts	1,323,032	1,396,293
Gearing ratio	44%	44%

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 22 to the financial statements, failing which, the banks may call an event of default. The Group has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Short-term investments (Note 17)	554	427	78	76
Amortised Cost				
Trade receivables (Note 15)	129,462	117,224	-	-
Other receivables	10,039	9,720	296,304	299,384
Fixed deposits with licensed banks	15,690	38,131	1,735	1,705
Cash and bank balances	8,212	2,902	854	249
	163,403	167,977	298,893	301,338
Financial Liabilities				
Amortised Cost				
Redeemable preference shares (Note 23)	10,499	-	-	-
Trade payables (Note 24)	117,350	178,639	-	-
Other payables and accruals	331,358	293,306	3,415	4,094
Loans and borrowings (Note 22)	123,948	169,351	100,000	100,000
	583,155	641,296	103,415	104,094

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
Fair Value Through Profit or Loss				
Net gains recognised in profit or loss	355	297	2	-
Amortised Cost				
Net gains recognised in profit or loss	558	553	30	29
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(22,322)	(18,054)	(96)	(89)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group								
2022								
Financial Assets								
Short-term investments	554	-	-	-	-	-	554	554
Financial Liabilities								
Other payables (non-current)	-	-	-	-	-	306,074	306,074	307,030

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group								
2021								
Financial Assets								
Short-term investments	427	-	-	-	-	-	427	427
Financial Liabilities								
Bridging loan	-	-	-	-	60,848	-	60,848	60,848
Other payables (non-current)	-	-	-	-	-	254,193	254,193	251,711

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION (CONT'D)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			**Fair Value of Financial Instruments not Carried at Fair Value**			**Total Fair Value**	**Carrying Amount**
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**RM'000**	**RM'000**
The Company								
2022								
Financial Assets								
Other receivables (non-current)	-	-	-	-	-	78,214	78,214	82,485
Short-term investments	78	-	-	-	-	-	78	78
2021								
Financial Assets								
Other receivables (non-current)	-	-	-	-	-	98,504	98,504	102,838
Short-term investments	76	-	-	-	-	-	76	76

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair value of short-term investments is determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(ii) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the Group's bridging loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The level 3 fair value of other receivables and other payables is calculated based on the present value of the projected repayment of loans using the discount rate equal to the market interest rate.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Material Litigation

On 29 March 2022, TBSB was served with a Writ of Summon and Statement of Claim from Inland Revenue Board of Malaysia ("IRB"), in respect of unpaid income taxes amounting to RM10,831,595 plus 5% per annum on the alleged claims, costs and other reliefs as the Honourable Court deems fit and proper to grant.

The unpaid income taxes has already been fully provided in the financial statements for the financial year ended 31 December 2021.

Following the Case Management on 21 March 2023, the Court has fixed a further Case Management on 9 May 2023 and the Hearing of the Company's appeal against the decision made by the High Court is fixed on 23 May 2023.

Paragraph 8.03A of the Main Market Listing Requirement ("MMLR")

During the financial year, the Company had announced that it has triggered Paragraph 8.03A of the MMLR of Bursa Malaysia Securities Berhad ("Bursa Securities"), in particular Paragraph 8.03A(7)(b)(i) and the Company is considered as an affected listed issuer.

Maybank Investment Bank Berhad ("Maybank IB"), the Principal Adviser on behalf of the Company had on 22 March 2023 submitted an application for an extension of time ("EOT") to submit its regularisation plan to Bursa Securities.

Maybank IB has on 18 April 2023 received Bursa Securities's letter dated on the even date, granted the Company an EOT of 6 months to 24 September 2023 for the Company to submit a regularisation plan for approval.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 CONT'D

37. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM'000	As Restated RM'000
The Group		
Statement of Financial Position (Extract):-		
Inventory properties – property development costs	1,162,603	1,140,371
Contract assets	21,918	25,279
Contract liabilities	19,440	569

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

No	Location (Lot No)	Location (Title No)	Tenure	Land Area (ha)	Usage	Net Book Value (RM)	Date of Acquisition/ Revaluation
1	Lot 156543	HS(D) 376617	Leasehold (Expiring 21 January 2097)	0.370	Building	92,582,853.61	16 April 2003
2	Lot 182487	HS(D) 421955		6.647			
3	Lot 182455	HS(D) 421925		4.908			
4	PTD 194780	HS(D) 437858	Leasehold (Expiring 27 December 2105)	1.020		13,897,391.66	
5	Lot 156551	PN 58276		0.470	Agriculture		
6	Lot 156556	PN 58277		0.567			
7	Lot 156561	PN 58278		4.081			
8	Lot 156562	HS(D) 437863		0.684			
9	Lot 182968	HS(D) 437868		3.240			
10	PTD 181985	HS(D) 375504	Leasehold (Expiring 21 January 2097)	0.530	Building	7,510,339.18	
11	PTD 181986	HS(D) 375505		0.560			
12	PTD 181976	HS(D) 375498		0.640			
13	PTD 181977	HS(D) 375499		0.830			
14	PTD 196260	HS(D) 442852		0.810			
15	PTD 196261	HS(D) 442853		0.370			
16	PTD 196262	HS(D) 442854		0.62			
17	Lot 156575	PN 57445	Leasehold (Expiring 27 December 2105)	4.040	Agriculture	11,557,318.34	
18	PTD 194787	HS(D) 437865		1.860			
19	PTD 194788	HS(D) 437866		3.000			
20	PTD 194792	HS(D) 437843	Freehold	13.15		494,319,662.08	
21	PTD 229065	HS(D) 565055		21.03			
22	PTD 229066	HS(D) 565056	Leasehold (Expiring 31 May 2115)	0.20	Building		
23	PTD 229071	HS(D) 565057-Lot 3-A	Freehold	6.61			
24	PTD 229072	HS(D) 565058-Lot 4-B		1.72			
25	PTD 229074	HS(D) 565059-Lot 4-A		1.77			
26	PTD 229075	HS(D) 565060-Lot 2-B		1.89			
27	PTD 229076	HS(D) 565061-Lot 2-A		6.63			
28	PTD 194793	HS(D) 437844 /HS(D) 554623		0.27			
29	PTD 194795	HS(D) 437846 /HS(D) 554625		34.24	Agriculture		
30	PTD 194796	HS(D) 437869		4.69			
31	PTD 194797	HS(D) 43787 /HS(D) 554627		49.02			
32	PTD 173048	HS(D) 353200	Leasehold (Expiring 21 January 2097)	0.55	Building		

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022 CONT'D

No	Location (Lot No)	Location (Title No)	Tenure	Land Area (ha)	Usage	Net Book Value (RM)	Date of Acquisition/ Revaluation
33	PTD 222169	HS(D) 554724	Freehold	19.77	Building	124,263,754.78	27 July 2015
34	PTD 166482	HS(D) 351596	Rehabilitation			121,605,790.37	16 April 2003
35	PTD 166483	HS(D) 351597	Leasehold (Expiring 21 January 2097)	3.680	Building		
36	PTD 166479	HS(D) 351593		7.122	Agriculture		
37	PTD 166480	HS(D) 351594		11.036			
38	Lot 150029	PN 52642		4.403			
39	Lot 150032	PN 52644		1.988			
40	PTD 166487	HS(D) 351599		1.740			
41	PTD 166488	HS(D) 351600		1.187			
42	Lot 150037	PN 52597		4.280			
43	Lot 150039	PN 52598		1.158			
44	PTD 194798	HS(D) 437847	Leasehold (Expiring 27 December 2105)	16.650		199,267,531.51	
45	PTD 194800	HS(D) 437849		10.950			
46	PTD 194801	HS(D) 437850		67.960			
47	PTD 194802	HS(D) 437851		10.860			
48	Lot 733	Geran 90585	Freehold	1.83		40,489,505.47	3 March 2017
49	647 plots on PTD 207606 HS(D) 580807 to PTD 208263 HS(D) 581453		Freehold	19.56		112,474,560.00	20 April 2017

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Issued & Fully Paid Up Capital	RM767,141,014.29
Class of Shares	Ordinary Shares
Voting Right	One (1) vote per ordinary share

A. DISTRIBUTION OF SHAREHOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 99	45	783	0.00
100 to 1,000	3,250	2,953,421	0.320
1,001 to 10,000	8,390	43,750,001	4.749
10,001 to 100,000	4,621	160,750,411	17.451
100,001 to less than 10% of issued shares	720	707,816,726	76.842
10% and above of issued shares	2	5,856,400	0.635
Total	**17,028**	**921,127,742**	**100.00**

B. LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No of shares held	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ISKANDAR WATERFRONT HOLDINGS SDN.BHD. (A/C 2)	250,000,069	27.140
2.	ISKANDAR WATERFRONT HOLDINGS SDN BHD	65,846,000	7.148
3.	KUMPULAN PRASARANA RAKYAT JOHOR SDN BHD	53,595,267	5.818
4.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ONG YOONG NYOCK (PB)	32,571,000	3.53
5.	KONG TIAM MING	13,450,885	1.460
6.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOON POH TAT	12,938,400	1.404
7.	TEO KWEE HOCK	9,387,400	1.019
8.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	7,827,900	0.849
9.	LIM SOON HUAT	7,500,000	0.814
10.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KANG HOO	5,540,700	0.601
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	4,741,500	0.514
12.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	4,681,400	0.508
13.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	3,034,000	0.329
14.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNTT REALTY SDN BHD	3,000,000	0.325
15.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI KER CHERK YEE	2,906,400	0.315
16.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD PLEDGED SECURITIES ACCOUNT FOR LIM TECK HUAT	2,700,000	0.293
17.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	2,497,700	0.271
18.	CHEONG LYE KHEY	2,047,800	0.222
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VIGNESWARAN A/L RAMAKRISHNAN (E-KLC)	2,000,000	0.217
20.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	1,951,300	0.211
21.	SEE HOY CHAN PROPERTIES SENDIRIAN BERHAD	1,735,000	0.188

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023 CONT'D

B. LIST OF 30 LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No of shares held	%
22.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,724,500	0.187
23.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO CHUN WEE	1,720,000	0.186
24.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	1,579,900	0.171
25.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,520,000	0.165
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING SING YIEW	1,505,000	0.163
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PREMIER ELITE MARKETING SDN BHD	1,502,500	0.163
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FRANCIS CHAI KIM LUNG	1,487,100	0.161
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MORUBINA HOLDINGS SDN BHD (E-IMO)	1,435,000	0.155
30.	ANG LEONG CHAI	1,420,000	0.154
	TOTAL	**503,846,721**	**54.698**

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023 CONT'D

C. LIST OF SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR ISKANDAR WATERFRONT HOLDINGS SDN.BHD. (A/C 2)	250,000,069	27.140	-	-
ISKANDAR WATERFRONT HOLDINGS SDN BHD ("IWH")	65,846,000	7.148	-	-
KUMPULAN PRASARANA RAKYAT JOHOR SDN BHD	53,595,267	5.818	315,846,069[a]	34.288
CREDENCE RESOURCES SDN BHD ("CR")	-	-	315,846,069[a]	34.288
TAN SRI DATO' LIM KANG HOO	5,540,700	0.601	315,846,069[b]	34.288
TOTAL	**374,982,036**	**40.709**	**315,846,069**	**34.288**

(a) Deemed interested in the shares held by IWH by virtue of its interest in IWH pursuant to Section 8 of the Companies Act 2016 ("Act").

(b) Deemed interested in the shares held by IWH by virtue of his interest in IWH through CR pursuant to Section 8 of the Act.

STATEMENT OF DIRECTORS' INTEREST AS AT 31 MARCH 2023

LIST OF DIRECTORS' SHAREHOLDINGS IN THE COMPANY

	Direct Interest		Deemed Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
TAN SRI DATO' LIM KANG HOO	5,540,700	0.601	315,846,069[a]	34.288
LIM CHEN HERNG	315,700	0.034	-	-

(a) Deemed interested in the shares held by IWH by virtue of his interest in IWH through CR pursuant to Section 8 of the Act.

OTHER DISCLOSURES

During the financial year under review,

Issue of Shares and Utilisation of Proceeds
There were no issuance of shares nor any utilisation of proceeds.

Material Contracts
There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2022 or extend into since the end of the previous financial year.

Contracts Relating to Loan
There were no contracts relating to a loan by the Company and its subsidiaries in respect of the preceding item.

Related Party Transactions
There was one related party transaction entered into by a subsidiary company of the Company involving Directors' and major shareholders' interest and the said transaction has been completed in December 2022.

Options, Warrants or Convertible Securities
There were no options, warrants or convertible securities issued by the Company being exercised.

Non-Audit Fees
The amount of non-audit fees incurred for services rendered to the Group and the Company by the External Auditors was RM5,000.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 54th Annual General Meeting of ISKANDAR WATERFRONT CITY BERHAD **[196801000661 (8256-A)]** will be held on a fully virtual basis through live streaming and online remote voting from the Broadcast Venue at Board Room, Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor on Wednesday, 28 June 2023 at 10.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Note 1]
2. To re-elect the following Directors retiring in accordance with the Company's Constitution:-
   (i) Dato' Hj. Ayub bin Mion – Clause 76(3) **(Resolution 1)**
   (ii) Tan Sri Dato' Lim Kang Hoo – Clause 76(3) **(Resolution 2)**
   (iii) Mr. Lim Chen Herng – Clause 78 **(Resolution 3)**
   (iv) Mr. Chin Wai Kit – Clause 78 **(Resolution 4)**
3. To approve the payment of Directors' remuneration payable not exceeding RM600,000 for the financial year ending 31 December 2023. **(Resolution 5)**
4. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

Special Business

To consider and, if thought fit, to pass with or without any modification(s), the following resolutions:-

5. **SPECIAL RESOLUTION**
   - WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016 **(Resolution 7)**

   "THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company under Section 85 of the Companies Act 2016 ("the Act"), read together with Clause 12(3) of the Constitution of the Company.

   THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution I – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."

6. **ORDINARY RESOLUTION 1**
   - AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **(Resolution 8)**

   "THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Act and pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed General Mandate").

NOTICE OF ANNUAL GENERAL MEETING CONT'D

6. **ORDINARY RESOLUTION 1** **(Resolution 8)**
- AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (CONT'D)

THAT such approval on the Proposed General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;
b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

7. **ORDINARY RESOLUTION 2** **(Resolution 9)**
- PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH THE RELATED PARTIES AS DISCLOSED UNDER PARAGRAPH 33 (1 TO 3) OF THE CIRCULAR TO SHAREHOLDERS

"THAT approval be and is hereby given pursuant to Paragraph 10.09 and Practice Note 12 of the Bursa Securities Listing Requirements for the Company and its subsidiaries to enter into the category of Recurrent Related Party Transactions of a revenue or trading nature as set out in Paragraph 3.3 of the Circular to Shareholders dated 28 April 2023 with those Related Parties as set out in paragraph 3.2 which are necessary for their day-to-day operations, in the ordinary course of business made on an arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders; AND THAT the authority conferred by this Mandate shall commence immediately upon the passing of this Resolution and is subject to annual renewal. In this respect, the authority shall continue to be in force until:

i. the conclusion of the next AGM of the Company at which time the authority shall lapse unless the Authority is renewed by a Resolution passed at that AGM;

ii. the expiration of the period within which the next AGM after that date, is required to be held pursuant to Section 340 of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340 of the Act; or

iii. revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

FURTHER THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things including executing such documents as may be required to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

NOTICE OF ANNUAL GENERAL MEETING

8. **ORDINARY RESOLUTION 3** **(Resolution 10)**
   - CONTINUING IN OFFICE AS INDEPENDENT DIRECTOR

   "THAT approval be and are hereby given to Mr. Lim Foo Seng who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company."

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Act.

BY ORDER OF THE BOARD
YONG MAY LI (F) (LS 0000295) / SSM PC No. 202008000285)
LIM AIK YONG (F) (MAICSA 7054965 / SSM PC No.202008000995)
WONG CHEE YIN (F) (MAICSA 7023530) / SSM PC No. 202008001953)
Secretaries
JOHOR BAHRU
28 April 2023

Notes:

1. *The 54th AGM of the Company will be conducted fully virtual and online remote voting using the Remote Participation and Voting Facilities via vote2U at https://web.vote2u.my. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.*

2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Act which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/proxy(ies) are not required to be physically present nor to be admitted at the Broadcast Venue.*

3. *A member entitled to participate and vote at the meeting is entitled to appoint not more than two proxies to participate and vote in his stead. A proxy need not be a member of the Company.*

4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

5. *Where a member is an authorized 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.*

6. *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.*

7. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*

8. *The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim or lodge electronically via ir@iwcity.com.my, not less than 48 hours before the time set for the Meeting.*

9. *For the purpose of determining a member who shall be entitled to attend the 54th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a general meeting Record of Depositor as at 22 June 2023. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to participate and/or vote on his stead.*

10. *Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.*

NOTICE OF ANNUAL GENERAL MEETING CONT'D

Notes (Cont'd):

Explanatory Notes:

1. *Agenda 1*
This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act and the Company's Constitution do not require a formal approval of the Shareholders and hence, is not put forward for voting.

2. *Resolution 1 to 4:*
Re-election of Directors
Clause 76(3) of the Company's Constitution expressly states that at the AGM in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election. Clause 78 expressly stated that any director so appointed to fill a casual vacancy and an addition to the existing directors shall hold office only until the next AGM and shall then be eligible for re-election.

Pursuant to Clause 76(3) and Clause 78, Dato' Hj. Ayub bin Mion, Tan Sri Dato' Lim Kang Hoo, Mr. Lim Chen Herng and Mr. Chin Wai Kit are standing for re-election at this AGM.

The profiles of the Directors standing for re-election are provided on pages 15 to 19 of the Board of Directors' Profile in the 2022 Annual Report.

The Nomination Committee (NC) of the Company has assessed the criteria, performance and contribution of Dato' Hj. Ayub bin Mion, Tan Sri Dato' Lim Kang Hoo, Mr. Lim Chen Herng and Mr. Chin Wai Kit and recommended for their re-election. The Board endorsed the NC's recommendation and make justification that Dato' Hj. Ayub bin Mion, Tan Sri Dato' Lim Kang Hoo, Mr. Lim Chen Herng and Mr. Chin Wai Kit be re-elected as Directors of the Company.

3. *Resolution 5:*
Payment of Directors' remuneration
Section 230(1) of the Act provides amongst others, that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payment of Directors' remuneration payable not exceeding RM600,000 for the financial year ending 31 December 2023.

In determining the estimated total amount of Directors' remuneration for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board, Board Committees, Board of Subsidiaries and Management Committees as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for future appointment of Directors of the Company on the Boards of Subsidiaries and increase in number of Board and committee meetings due to business expansion.

4. *Resolution 6:*
Re-appointment of Auditors
The Audit Committee and the Board have considered the re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company and collectively agreed that Messrs. Crowe Malaysia PLT has met the relevant criteria prescribed under Paragraph 15.21 of the Listing Requirements of Bursa Securities.

5. *Resolution 7:*
Special Resolution - Waiver of Pre-emptive Rights under Section 85 of the Companies Act 2016
The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

NOTICE OF ANNUAL GENERAL MEETING CONT'D

Notes (Cont'd):

Explanatory Notes (Cont'd):

6. *Resolution 8:*
   Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016
   The Ordinary Resolution 1 proposed under Resolution 8 is the renewal of the mandate obtained from the members at the last AGM.

   Subject to passing the Special Resolution on the waiver of pre-emptive rights under Section 85 of the Act, the Ordinary Resolution 1 proposed under Resolution 8, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the total number of the issued shares of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company ("Proposed General Mandate").

   The Company had not issue and allot any new ordinary shares under the mandate granted to the Directors at the last AGM of the Company held on 30 June 2022.

7. *Resolution 9:*
   Proposed Mandate for Recurrent Related Party Transactions of Revenue or Trading Nature
   The Ordinary Resolution 2 proposed under Resolution 9 if passed, will authorise the Company and each of its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature in their ordinary course of business. This authority, unless revoked or varied by the shareholders of the Company at a general meeting, will expire at the conclusion of the next AGM of the Company.

8. *Resolution 10:*
   Continuing in Office as Independent Non-Executive Director
   The Ordinary Resolution 3 proposed under Resolution 10 if passed, will approve and authorise Mr. Lim Foo Seng to continue to act as Independent Non-Executive Director of the Company.

   The Nomination Committee has assessed the independence of Mr. Lim Foo Seng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:-

   (a) his expertise in corporate, risk management and finance matters which had significant contribution to the effectiveness of the Board and the Committees; and

   (b) he has exercised his due care during his tenure as an Independent Non-Executive Director of the Company and he has carried out his professional duties in the interest of the Company and the shareholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election at the 54th Annual General Meeting of the Company as follows:

i. Dato' Hj. Ayub bin Mion (Independent Non-Executive Chairman);
ii. Tan Sri Dato' Lim Kang Hoo (Executive Vice Chairman);
iii. Mr. Lim Chen Herng (Executive Director); and
iv. Mr. Chin Wai Kit (Independent Non-Executive Director).

The details of the Directors who are standing for re-election are set out in the Profile of the Board of Directors in this Annual Report.

Information on securities holdings in the Company and its subsidiaries by the directors standing for re-election are set out in the Statement of Directors' Interests in the Company and related corporation on page 51.

2. Attendance of Directors at Board Meetings held during the financial year ended 31 December 2022

A total of seven (7) Board of Directors' Meetings were held during the financial year ended 31 December 2022, at the Company's Meeting Room of Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru and via Zoom.

The details of attendance of Directors at the Board Meeting are disclosed in the Corporate Governance Overview Statement in this Annual Report.

3. Date, time and Place of the 54th Annual General Meeting

Date	:	Wednesday, 28 June 2023
Time	:	10.00 a.m.
Place	:	Fully Virtual through live streaming and online remote voting from the Broadcast Venue at Board Room, Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru

FORM OF PROXY

ISKANDAR WATERFRONT CITY BERHAD [196801000661 (8256-A)]

(Incorporated in Malaysia)

CDS ACCOUNT NO.		NO. OF SHARES HELD

I/We……………………………………...........……………………………..………. (I.C.No. ………………….………………….........................….) of ....(or attorney of the said ……………………………………………………...) a Member/Members of **ISKANDAR WATERFRONT CITY BERHAD [196801000661 (8256-A)]** hereby appoint:-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
E-mail Address and Contact No:			

and / or (delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
E-mail Address and Contact No:			

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 54th Annual General Meeting of the Company to be held on a fully virtual and online remote voting from the Broadcast Venue at Board Room, Ground Floor, #G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru on Wednesday, 28 June 2023 at 10.00 a.m. and at any adjourn-ment thereof, and to vote as indicated below:-

NO.	RESOLUTION	FOR	AGAINST
Ordinary Business			
1.	Re-election of Director – Dato' Hj. Ayub bin Mion		
2.	Re-election of Director – Tan Sri Dato' Lim Kang Hoo		
3.	Re-election of Director – Mr. Lim Chen Herng		
4.	Re-election of Director – Mr. Chin Wai Kit		
5.	To Approve the Payment of Directors' Remenuration Payable for the Financial Year Ending 31 December 2023		
6.	Re-appointment of Messrs. Crowe Malaysia PLT as Auditors		
Special Business			
7.	Waiver of Pre-Emptive Rights under Section 85 of the Companies Act 2016		
8.	Authority to Issue Shares Pursuant to Section 75 & 76 of the Companies Act 2016		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	Continuing in Office as Independent Director - Mr. Lim Foo Seng		

(Please indicate with an "x" in the spaces provided how you wish your votes to be cast. If you do not do so, the Proxy will vote or abstain from voting at his discretion).

Signed this________ day of _______________ 2023

____

Signature of Member(s)/Common Seal

Contact No.:

Notes:

1. *The 54th Annual General Meeting ("AGM") of the Company will be conducted fully virtual and online remote voting using the Remote Participation and Voting Facilities via vote2U at https://web.vote2u.my. Please refer to the Administrative Guide for the detailed steps on remote participation and vote remotely.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholder(s)/ proxy(ies) are not required to be physically present nor to be admitted at the Broadcast Venue.*
3. *A member entitled to participate and vote at the meeting is entitled to appoint not more than two proxies to participate and vote in his stead. A proxy need not be a member of the Company.*
4. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
5. *Where a member is an authorized 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.*
6. *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.*
7. *Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.*
8. *The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Takzim, or be lodged electronically via ir@iwcity.com.my, not less than 48 hours before the time set for the Meeting.*
9. *For the purpose of determining a member who shall be entitled to attend the 54th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 55(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a general meeting Record of Depositor as at 22 June 2023. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to participate and/or vote on his stead.*
10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

Fold along this line (1)

Affix
Stamp

THE COMPANY SECRETARY
ISKANDAR WATERFRONT CITY BERHAD

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor Darul Takzim

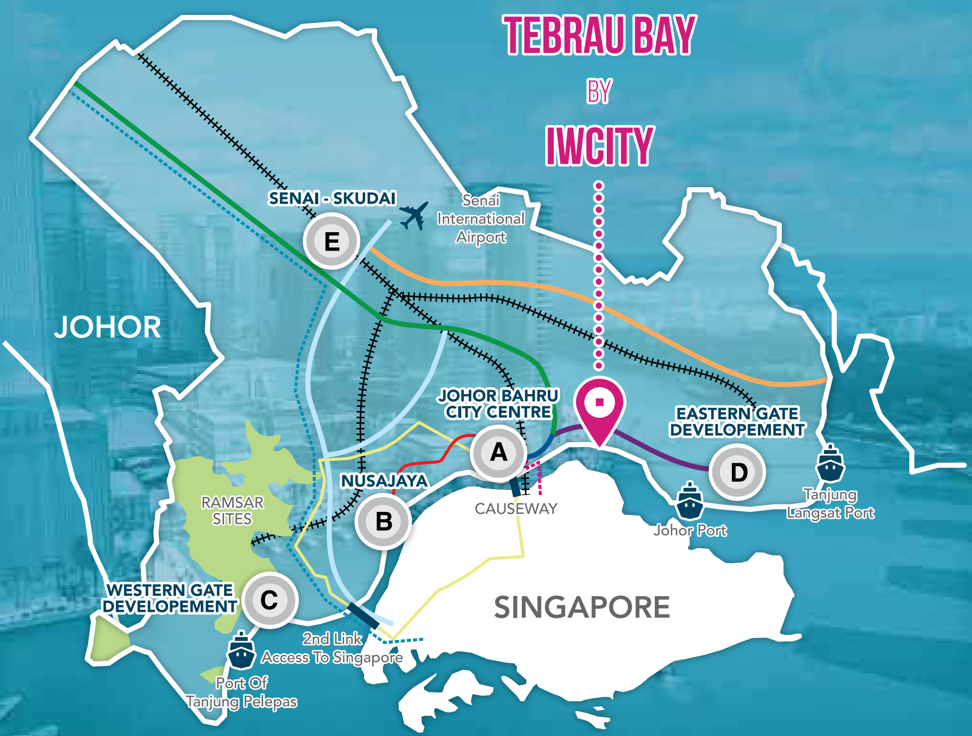
Fold along this line (2)

Unveiling An Exciting New Development Waterfront Living @

TEBRAU BAY

by

IWCITY
Iskandar Waterfront City Berhad
196801000661 (8256-A)



IWCITY
Iskandar Waterfront City Berhad
196801000661 (8256-A)

#G08, Block 8, Danga Bay, Jalan Skudai, 80200 Johor Bahru, Johor, Malaysia.

Tel : 07-233 3888
Fax : 07-235 8850

www.iwcity.com.my