TRC SYNERGY BERHAD

199601040839 (413192-D)

BUILDING MOMENTUM FOR A BRIGHTER TOMORROW

ANNUAL REPORT | 2022

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BUILDING MOMENTUM FOR A BRIGHTER TOMORROW

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CHAIRMAN'S STATEMENT

DEAR ESTEEMED SHAREHOLDERS,

On behalf of the Board of the Directors, I am pleased to present the Annual Report and Audited Financial Statements of TRC Synergy Berhad and its subsidiaries ("the Group") for the financial year ended 31st December 2022 ("FY 2022").

I AM CONFIDENT TRC SYNERGY BERHAD WOULD CONTINUE TO FLOURISH GOING FORWARD.

ON THAT NOTE, LET US CONTINUE TO STAY SAFE, STAY STRONG AND STAY POSITIVE FOR A BETTER 2023.

DIVIDEND

The Group has shown resilience and achieved positive financial performance in FY2022. The Board has recommended a first and final single tier dividend of 1.20 Sen per share for the FY 2022 amounting to RM5,655,464.00. This proposal is subject to the shareholders' approval at the Group's forthcoming Twenty Sixth Annual General Meeting.

ACKNOWLEDGEMENT AND APPRECIATION

As we leave behind the difficult times of the pandemic and move forward to a new year, I want to take a moment to express my gratitude to the fellow directors, especially to our highly respectable Group Managing Director, who has played a pivotal role in the Group's success by charting strategic courses with credible business propositions. The past year has been challenging for all of us, but I am proud to say that we have faced these challenges with strength, resilience, and unity.

In 2023, we look forward to building on the successes of the previous year, and we remain committed to delivering value to our stakeholders. The ongoing changes in the business environment present new opportunities and challenges, and we are confident that our team has the skills and experiences to navigate these changes successfully.

I urge all stakeholders to stay positive, remain vigilant, and embrace innovation as we continue to work together towards a brighter future. Our focus remains on building momentum for a better tomorrow, and we believe that by working together, we can achieve this goal.

To our valued shareholders, thank you for your continued trust and support. To our clients, associates, financiers, fund managers, analysts, business partners, consultants, members of the media, sub-contractors, suppliers, and other stakeholders, we appreciate your unwavering loyalty and commitment. To our employees, we recognize and value your dedication and hard work, which are the foundation of our success.

Together, let us face 2023 with confidence, determination, and a positive attitude. By staying united and working together, we can create a better tomorrow for ourselves and for future generations.

Thank you.

TUN JEANNE BINTI ABDULLAH
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS DISCLOSURE

OVERVIEW OF GROUP'S BUSINESS OPERATIONS

The inception of Trans Resources Corporation Sdn. Bhd in 1984 marked the start of the organization's journey in Malaysia construction industry. Back then it was a much smaller bumiputra company that mainly involved in small scale infrastructure projects such as drainage and some roadworks. Over the years it expanded into becoming a constructor that build highways, airports and government complexes. In 2002 its group of companies was listed in main market Bursa Malaysia as TRC Synergy Berhad. Today, the Group is one of the nation's notable bumiputra contractor with robust track record and has serviced wide varieties of clients. In the last 10 years it has added the construction of LRT and MRT lines and depots to its resume. Based on this excellent track record the Group will continue to serve and deliver value to its stakeholders.

In 2022 the construction industry gradually recovers from the prolonged impact of Covid-19 pandemic that caused many disruptions in the industry. Although challenges related to rising construction cost and shortage of skilled workers are still looming, the industry however remains steadfast. This sector continues to perform favourably in the fourth quarter 2022 with growth of 15.7 per cent, while in overall 2022 it posted a rebound of 8.8 per cent after two years in the declining trend. The growth in construction sector is aligned with the Malaysian GDP in 2022 which is at 8.7 percent as compared to 3.1 percent in the preceding year (Reference: Department of Statistics, Malaysia).

Although the domestic economy is seeing signs of recovery, there are many more hurdles that the industry needs to overcome for it to grow stronger. While the world learns to co-exist with Covid-19, continued supply-demand imbalances and supply-chain disruptions have caused rising inflation which further led to stringent monetary measures in many countries around the world. The Russian-Ukraine war creates global energy crisis and causes a shock to global oil price as sanction is imposed against Russia.

Despite these challenges, the Group remains resilient in 2022 as its business activities gradually resumes back to normal after the first quarter. The Group remains focus in its business philosophy that is to concentrate on core activities that is well-known for; construction and engineering services as well as property development. Other sector such as hospitality investment remains at the back seat at the moment as it contributes minimal value to the Group.

On the construction division front, this year sees no revenue from new projects, but the division pull together its effort to complete existing projects in hand. Property Development division also fares well in terms of completing and handing over its project to purchasers earlier than the anticipated schedule. These two main activities throughout FY2022 yields a respectable financial performance in terms of ability in achieving overall profit margin, at 8.8 percent, although a lower revenue reported.

The Group consistently emphasizes on quality, safety and environment in its business activities. Therefore it equips itself with multiple management systems tools and certifications such as ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, ISO 45001:2018 Occupational Health and Safety Management System and these are applied consistently during the process of delivering end products to our clients. Other than that, Quality Assessment System for Building Construction Works (QLASSIC) is also applied to property units it builds. Appropriate technology and tools are also adopted to ensure efficient and effective processes are achieved and optimum results obtained.

Residential Tower, Ara Damansara Petaling Jaya (PERLA Ara Sentral)

MRT Package DPT201, Serdang Maintenance Depot

The Group seized valuable experiences and lesson learned during the pandemic period in 2020 and 2021 to design and establish a more holistic approach to running the organization. It has identified robust management practice, comprehensive risk management, ethical business conduct and good corporate governance as the maxim to business sustainability and long-term value creation for our stakeholders.

The Board, top management and staff of the Group as well as all partners have dedicated their energy and support to work together as one team to create an organization that has withstood economic turmoil and challenges and remains as one of the prominent players in construction industry in Malaysia.

Pan Borneo Highway in the State of Sarawak

ECONOMIC REVIEW

The year 2022 was a year of recovery and growth, with the economy rebounding strongly from the impact of the COVID-19 pandemic. Malaysia's economic performance boosted to 8.7% in 2022 as compared to 3.1% in the previous year, which is the highest annual growth recorded within 22 years. The construction industry also experienced significant growth, with double-digit growth of 15.7% in the fourth quarter of 2022.

The Group was able to take advantage of this positive economic environment to achieve positive financial results in 2022 despite multiple new challenges emerging. By focusing on the timely implementation of ongoing projects and prudent financial management, the Group despite recording a lower revenue growth this year still committed to maintaining healthy profit margins throughout the year. Overall, 2022 was a year of progress and prosperity for both the economy and the Group, and the Group is optimistic that this positive trend will continue in the future.

GROUP FINANCIAL PERFORMANCE FOR FY2022

Description	FY2022 RM' Million	FY2021 RM' Million	Variance RM' Million	Variance %
Revenue	678.39	762.12	(83.73)	(11%)
Operating Profit	43.66	20.23	23.43	116%
Net Profit	57.09	18.14	38.95	215%
****Core Net Profit**	46.54	19.17	27.37	143%

** Core Net Profit before taking the impact of the unrealised forex gain, reversal of allowance for expected credit loss, allowance for expected credit loss and also impairment loss on investment in an associate.

BNM Mint Modernisation Project, Shah Alam Selangor

Residential Tower, Ara Damansara Petaling Jaya (PERLA Ara Sentral)

For FY2022, the Group posted a lower revenue by 11% to RM678.39 million compared to RM762.12 million in the preceding year mainly due to lesser revenue contribution from some of the nearing completion projects, particularly three (3) MRT projects (DPT201, Package S208 and Package V205) for the Construction Division.

The Group's operating profit increased by 116% to RM43.66 million from RM20.23 million in the previous year due to a higher gross profit margin achieved despite a lower revenue being reported in FY2022. The increase of the operating profit was also attributable to higher other income being reported in terms of higher gain from disposal of property, plant & equipment, legal and other costs recovered from arbitration and net unrealised gain on foreign exchange as opposed to a net unrealised loss on foreign exchange being reported in FY2021.

The excess of reversal of allowance for expected credit loss on receivables (RM16.42 million) over the allowance for expected credit loss on trade & other receivables (RM7.77 million) had also contributed to the much higher operating profit being reported in FY2022.

The Group's net profit increased substantially by 215% to RM57.09 million from RM18.14 million in the previous year. In addition to the positive impact of the much higher operating profit recorded as explained above, the increase in finance income from fixed deposit, interest income from receivable and the effect of discount on provision (an unwinding of discount on provision in FY2021 as disclosed under Finance Costs note 31) that relates to a long-term provision for land costs of a property development project together with a much lower finance costs incurred for FY2022 had further enhanced the substantial higher net profit reported by the Group for FY2022. However, from the core net profit, the Group posted an increase of 143% to RM46.54 million from RM19.17 million in the last preceding year.

The group's stronger financial performance in FY2022 was a result of cost-effective and prudent financial management of all business segments despite facing multiple new challenges and uncertainties after the threat of COVID-19 like the surge of global price increases in construction materials and labour costs. Hence, maintaining a healthy financial position with stringent cash flow management continues to be our top priority.

GROUP SEGMENTAL PERFORMANCE

Year	Description	Construction Division	Property Division	Hotel Division	Others Division	Elimination	Total
FY2022	**Revenue (RM' Million)**	574.67	83.93	19.79	-	-	678.39
	Revenue Contribution (%)	84.71	12.37	2.92	-	-	100.00
	Operating Profit (OP) (RM' Million)	67.06	4.99	(2.51)	(6.97)	(18.91)	43.66
	OP Contribution (%)	153.59	11.43	(5.75)	(15.96)	(43.31)	100.00
FY2021	**Revenue (RM' Million)**	609.49	123.22	29.41	-	-	762.12
	Revenue Contribution (%)	79.97	16.17	3.86	-	-	100.00
	Operating Profit (OP) (RM' Million)	0.60	3.13	7.41	1.07	8.02	20.23
	OP Contribution (%)	2.97	15.47	36.63	5.29	39.64	100.00

CONSTRUCTION DIVISION

For the last two consecutive years, Construction Division is the biggest revenue contributor to the Group.

For FY2022, the Construction division contributed 85% (RM574.67 million) and 153% (RM67.06 million) respectively of its revenue and operating profit to the Group compared to 80% (RM609.49 million) and 3% (RM0.60 million) respectively in the last preceding year. The higher operating profit for FY2022 was largely due to the settlement of the Arbitration Award by BEDB (Brunei Economic Development Board) and a reversal of allowance for expected credit loss.

The decreased in revenue for this FY2022 was due to the near completion of certain projects notably 3 MRT projects; the Construction and Completion of Serdang Maintenance Depot Terminal and other Associated Works (DPT201), the Construction and Completion of Viaduct Guideway and other associated works (Package V205) and Construction and Completion of Elevated Stations at Equine Park and Taman Putra Permai (Package S208).

While the construction sector is projected to recover and rebound strongly after post COVID-19 pandemic, supply chain issues and labour shortages are the major concerns that have become pressing issues for construction firms in Malaysia. The rising material costs are also expected to eat into the profit margins of construction players in the country from the short-term perspective.

Therefore, the Group is cautious and remains vigilant but nevertheless will continue to pursue opportunities to expand the construction portfolio and procure new construction contracts to replenish its outstanding order book as part of its long-term growth strategy.

Putra Permai Station (MRT2 Package S208 of elevated stations at Equine Park and Taman Putra Permai)

PROPERTY DEVELOPMENT

The Property Development segment contributed 12% (RM83.93 million) and 11% (RM4.99 million) respectively of its revenue and operating profit to the Group for FY2022 compared to 16% (RM123.22 million) and 15% (RM3.13 million) in the last preceding year.

Lower revenue was reported for the property development segment in FY2022 when the construction of the PERLA project was completed in Q32022. Higher revenue was recorded in FY2021 as the project progressed actively that resulting in higher revenue being recognised together with higher sales, in terms of the number of units sold, achieved in FY2021 compared to FY2022.

Looking ahead, the property development market continues to remain challenging in the short to medium term due to the rising cost of building materials, commodities and shortage of workers. However, the Group will continue to be prudent in its development launches especially the 2nd Phase of the PERLA project in Q32023 to ensure the Group's business activities remain resilient.

HOTEL DIVISION

For FY2022, the hotel division contributed 3% (RM19.79 million) of its revenue to the Group with an operating loss of 5% (RM2.51 million) compared to revenue of 4% (RM29.41 million) and operating profit of 37% (RM7.41 million) respectively in the last preceding year.

The lower revenue recorded was due to a hotel's lower occupancy rate which on average around 60% daily occupancy as the working holidaymakers are still very cautious and vigilant after the outbreak of the COVID-19 pandemic despite the Australian government having completely opened their borders since Q2 2022.

However, the Group is still optimistic about the future of the Hotel division to greatly contribute to the Group's strong and healthy balance sheet after the Australian government's continued rebounding of its domestic leisure travel segment and a return of conferences and events to be held in the hotel to improve its future business segment.

ANALYSIS OF CONSOLIDATED FINANCIAL POSITION AS OF 31 DECEMBER 2022

Description	FY2022 RM' Million	FY2021 RM' Million	Variance RM' Million	Variance %
Total Assets	1,126.48	1,163.09	(36.61)	(3.15)
Total Liabilities	622.02	708.04	(86.02)	(12.15)
Total Equity	504.46	455.04	49.42	10.86
Total Borrowings	159.51	163.03	(3.52)	(2.16)
Total Bank Balances	277.69	313.96	(36.27)	(11.55)
Net Asset per Share	1.05	0.96	0.09	9.37
Net Cash	118.19	150.92	(32.73)	(21.69)

LRT3 Package TD2, Johan Setia Depot

Based on the Group's Consolidated Financial Statement for FY2022, the Group shows a strong and healthy balance sheet despite its total assets being decreased by 3% to RM1,126.48 million compared to RM1,163.09 million in the last preceding year. The reduction was mainly due to some assets disposal and written-off, reduction of inventories and reduction of deposits, cash and bank balances during the year.

On the other hand, the Group's total liabilities decreased by 12% to RM622.02 million from RM708.04 million in the last preceding year mainly due to the settlement of our trade and other payables, the contract liabilities and the bank borrowing. The Group's total liabilities decreased by RM86.02 million during the year demonstrating its strong cashflow position in settling some of the liabilities after the Group adopted stringent credit terms and collection control policies for all business operations.

Hence, the Group's total equity increased by 11% to RM504.46 million from RM455.04 million in the preceding year largely due to an increase in the Group's retained earnings by RM47.63 million.

The Group's total borrowing reduced by 2% to RM159.51 million compared to the preceding year of RM163.03 million. Approximately 39% of total borrowing of RM159.51 million for FY2022 is categorised as short-term borrowing within 12 months and the balance 61% is long-term for more than 12 months mainly on term loans granted for PERLA development projects and the Hotel construction for TRC (Aust) Pty Ltd.

There is a reduction of bank balances by 11% to RM277.69 million from RM313.96 million as a result of the settlement of some bank loans and other creditors during the year.

The group net asset per share increased to RM1.05 for FY2022 from RM0.95 in the last preceding year despite the Group net cash reduces by 22% to RM118.19 million from RM150.92 million in the last preceding year due to the settlement of some bank borrowing and other trade creditors during the financial year.

The Group is committed to maintaining adequate liquidity to meet its short-term and working capital requirements and closely monitoring this net cash position and assessing it from time to time to maintain a healthy liquidity level at all times.

CONSOLIDATED CASH FLOW ANALYSIS

Net Cash Inflow/(Outflow) from	FY2022 RM' Million	FY2021 RM' Million	Variance RM' Million	Variance %
Operating Activities	(22.70)	131.90	(154.60)	(117.21)
Investing Activities	3.88	2.34	1.54	65.81
Financing Activities	30.60	(100.18)	130.78	(130.54)
Closing Cash & Cash Equivalent	147.56	135.80	11.76	8.66

The Group's consolidated cash flow analysis shows a closing cash and cash equivalent increase by 9% to RM147.56 million compared to RM135.80 million in the last preceding year despite there being a net operating cash outflow of RM22.70 million during the year after taking into account the changes in working capital and payment of tax and interest received from the business activities.

The Group's net cash inflow from Investing activities increased by 66% to RM3.88 million mainly due to increase in money market fund placed with fund managers, proceeds from disposal of property, plant and equipment, proceeds from disposal of investment property and the distribution of profit received from our joint venture.

The Group's posted a net cash inflow from financing activity of RM30.60 million in FY2022 compared to a net cash outflow of RM100.18 million in the last preceding year after taking into account the withdrawal of pledged fixed deposits and designated bank accounts, repayment of short-term borrowing, interest payment, and dividend payment to shareholders.

However, to ensure the Group has adequate liquidity and cash flows for its working capital management as well as to meet our financial obligations, the Group has a policy of being stringent in its credit terms and debt collection risk management, in addition to performing continuous financial and debt assessments.

DIVIDEND

The Group is committed to the payment of annual dividend to its shareholders. However, the quantum is determined after taking into account the Group's financial performance, level of available funds, amount of retained earnings, capital expenditure commitments and other investment planning requirements before any dividend declaration is made.

For this FY2022, subject to shareholders' approval in the forthcoming Annual General Meeting, the Group will declare its first and final single-tier dividend in respect of the year ended 31 December 2022 of 1.20 Sen per ordinary share and the same amount of dividend was paid last FY2021.

REVIEW OF GROUP OPERATING ACTIVITIES

Core business activities remains in construction and property development as they are the biggest earners for the Group. Combine revenues from these two division makes 97.1 Percent of total revenue. Looking at this current situation and coupled with trends from previous years, these two divisions will remain as the biggest contributors for the Group for the next five years.

For FY2022, construction division does not manage to secure any new projects hence it directs its focus to complete the remaining projects in hand. MRT2 Guideway Package V205 in Sungai Besi was successfully completed, handed over and CCC obtained in January 2022. Phase 1 of Mint Modernization project in Shah Alam for Bank Negara was also completed and handed over in the fourth quarter. Phase 2 will resume in 4th quarter 2023. These projects were completed on time and with a healthy profit margin.

Other on-going projects such as LRT3 Depot in Johan Setia, mixed development in Putrajaya, Prasarana HQ, MRSM in Ranau and Pan Borneo Highway package PBP5 are underway. LRT3 Depot, Prasarana HQ and MRSM Ranau projects are expected to complete in third quarter of 2023.

The construction division also execute the construction of two projects for the property development division; PERLA residential units in Ara Damansara and Perumahan Penjawat Awam Malaysia (PPAM) in Putrajaya. PERLA has been completed and handed over in the last quarter of 2022 meanwhile PPAM is expected to complete in the second quarter 2023.

Construction division remains the biggest contributor to the Group turnover at 575 million, which is 84.7 percent of the total Group turnover. This is a slight decrease from the previous year. Nevertheless, profit margin recorded is higher than the previous year. This result is commendable despite many challenges the division faced particularly due to the world economic turmoil, energy crisis and supply-chain disruption. It also signals prudent, agile and effective management for this part. Robust governance and internal management processes that were established and implemented to weather the above challenges have also shown results.

Correspondingly to 2022 turnover achievement, the division's order book value has significantly depleted and now stands at RM827 million. As such, for business continuity and sustainability, replenishing order book value is now the division's top priority. On this score, this division has participated in one single biggest tender for the MRT Line 3 tender which is valued at RM 3 billion. The division have built a strong brand and track record where MRT construction is concerned based on its participation in MRT1 and MRT2 constructions since 2012, where it has successfully completed approximately RM1.4 billion of works. Based on these facts, the division is optimistic on project opportunities that MRT3 has to offer. The division is hopeful that MRT3 tender will be awarded in second quarter of 2023 to replenish the Group's orderbook.

The division remains selective and contentious in tender participations when it comes to commercial and technical proposal as it wants to ensure that any projects if awarded can and will be delivered to the expectation of clients.

Serdang Raya Utara Station (MRT2 Package V205, Viaduct Guideway from Kampung Muhibbah to Serdang Raya)

In terms of property development, the division has successfully completed PERLA Residentials in Ara Damansara during the fourth quarter of 2022. Sold units were handed over to purchasers three months ahead of schedule. In overall 96.5 percent of 648 units were sold. The division is confident that the remaining balance of the units will be sold in due course. Handing Over Vacant Possession (HOVP) notice to the purchasers were issued at the end of December 2022. Additionally, PERLA has also successfully obtained 74 points in Quality Assessment System for Building Construction Works (QLASSIC) by Construction Industry Development Board (CIDB), exceeding the 70 points target. Based on these encouraging results and outlook, property development division plans to roll out second phase of Ara Damansara development sooner, with the likelihood in third quarter of 2023.

Residential Tower, Ara Damansara Petaling Jaya (PERLA Ara Sentral)

The other development, Perumahan Penjawat Awam Malaysia (PPAM) in Precinct 18 Putrajaya which is a joint venture development with Putrajaya Corporation (PJC) is nearing completion as well.The 500 units of apartment (named as "Dalur") which is built for the government servant is expected to be handed over in 2nd quarter of 2023. As part of the joint venture agreement relating to this project, TRC Land Sdn Bhd (TRCL) will receive a 2 acre piece of land next to Dalur which will be developed soon. Currently, the said land is in the process of transferring the ownership from PJC to TRCL.

In terms of turnover, the division has contributed quite significantly, at 12.4 percent of the total group turnover and it is projected to continue providing steady income to the group especially when the subsequent phases of the development are rolled out.

Pembangunan Perumahan Awam Malaysia (PPAM), Precinct 18 Putrajaya

In Australia, TRC(Aust) Pty Ltd acquired a piece on land in December 2011 in Richmond, Melbourne for AUD 11.5 million and in 2018 redeveloped it to a hotel known as Element by Westin. The hotel is a 4 star hotel with 168 keys, located near the Yarra River. Average room occupancy rate post pandemic in 2022 is 60 percent with the reported revenue at RM 19.8 million, a 33 percent decrease from year 2021. This decrease is partly contributed by the stringent border control by the Australian government. The division is working hard to market the hotel to domestic businesses for their functions and meetings.

There is no significant new development recorded in Springridge since the last report.

In general, although the Group continues to face business challenges which are mainly due to intense competition among industry players, material prices instability as well as labor shortage that seems to be a perpetual problem, the Group is ready to face these challenges and produce favorable results and values to its stakeholder. Sustainability in all areas is at the top of the Board and management agenda.

RISK MANAGEMENT AND RISK FACTORS

Risk management is now an integral part of the Group's business process. The Risk Management Framework is now fully adopted where identified risks are classified based on risk level and monitored from the operational level up to the Board level. They are appropriately mitigated to ensure they do not pose critical threat to the organization and its business.

On top of the list in strategic risk is the continued reduction of the Group's order book resulted from limited tenders and sizeable project roll-outs. Hence prudent cash flow management is required to preserve business activities at operational level. The Group continues to adopt a stringent approach on its credit term and payments collections as well as prioritizing capital expenditure until the current cash flow situation eases off.

The world slowly recovers from Covid-19 and this gradual improvement does support business activities. Nevertheless, for operational activities to fully return to pre-covid momentum takes time and the Group anticipate better year in 2023 where operational recovery is concerned.

Another risk that the Group is well aware of is the intense competition amongst both local and foreign players in the construction industry. It may adversely affect project profitability when the peers engaged in aggressive tender pricing. On this score the Group will be selective when strategizing tender participations as not to sacrificing bottom line in order to ensure project deliverability and maintaining healthy business performance.

Major raw material such as steel and cement supply is continuously being affected by global geopolitical tension, prices leading to price increase. The industry is still facing labour shortages due to the high demand across various economic sectors. This will cause higher wages in order to secure workers. This situation may in return affect the Group's bottom line. The Group will continue to monitor the price fluctuations of input costs and exercise prudence to ensure stability of our finances and business continuity. It also utilizes value-chain management to maximize best price and savings.

The Group continues to collaborate with Malaysian Prison Department to give on-the job training (OJT) to prison inmates who are scheduled to be released for parole to mitigate the labor shortage problem.

GROUP'S FUTURE OUTLOOK AND PROSPECTS

According to International Monetary Fund (IMF), the global economy is expected to continue recovering in 2023 albeit at a moderate pace. The global growth is projected at 4.9 percent which is slightly higher that 4.4 percent in 2022. Simultaneously there are also potential risks to the global economy such as geopolitical tensions, trade disputes and the inherent recession in many major economies in the coming year, causing many central banks, Bank Negara Malaysia included to raise interest rates. This has had enormous effect on the Group where cost of doing business is concerned, including higher finance costs and higher building material costs, which was already increasing due to supply constraints.

The recent budget includes construction sector as one of the beneficiaries where total development budget is RM 386.4 billion. Construction sector has always been the backbone to the country's economic growth due to its significant multiplier effect. However, the lack of new-large scale contracts planned in the budget other than the most talked about MRT3, will cap the upside potential of the sector. Without these large-scale projects, the recovery of the construction sector with be further delayed. While the Group expects the construction market continues to be soft in 2023 it is looking forward to be one of the beneficiaries in the MRT3 award.

The Group continues to explore strategic collaboration and partnership as well as broaden clientele base especially in the private sector or GLC in order to navigate order book replenishment and improve revenues. As construction sector is anticipated soften in the coming year and recovery is slower, the Group's property development division is gearing towards contributing more to the Group's coffer by expediting the next phase of its development project in Ara Damansara.

Other than the financial score cards, the Group also emphasized on aspects such as quality, occupational health and safety, customer satisfaction as well as compliance and adherence to industry's legislation and regulations.

In summary, with the existing strong organizational fundamentals, the Group is confident that it is able to continue showcasing stellar performance in the future to meet and exceed stakeholders' expectation, although it faces immense business challenges.

SUSTAINABILITY STATEMENT

SUSTAINABILITY JOURNEY

TRC Synergy Berhad ("the Company") and its group of companies ("the Group") have been reporting on its sustainability performance since 2016. As the Group seeks out and seizes the opportunities emerging in the post-pandemic recovery, the Group continues to progress towards its sustainability initiatives in financial year 2022 ("FY2022"). The Group is committed to playing its part in improving the local economy, advocating environmental stewardship and contributing to society.

This Sustainability Statement ("Statement") provides a concise narrative of the commitment of the Group towards addressing its environmental, social and governance impacts as well as its financial and non-financial value creation. This Statement also encapsulates the Group's strategy in managing prioritized sustainability-related risks and opportunities. As the Group continues to push boundaries, the Group recognizes the importance of sustainability as an enabler in its business.

SCOPE OF SUSTAINABILITY REPORTING

This Sustainability Statement is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Sustainability Reporting Guide (3rd Edition) issued in 2022. It covers the reporting period from 1st January 2022 to 31st December 2022.

The scope of the Statement mentioned below covers material issues arising from the principal activities and business operations of the holding company and all its subsidiaries within the Group in Malaysia as well as in Melbourne, Australia which are related to the Group's three main businesses namely construction, property development and investment. However, MRT2 Package V205, MRT Package DPT201 and MRT2 Package S208 projects are excluded in FY2022 due to the fact that the aforementioned projects are at the tail end of construction and entering their final phase. Some of the projects and subsidiary companies based outside Malaysia are also excluded from this statement since they made no significant impact on the Group's operations and revenue in FY2022.

TRC SYNERGY BERHAD
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Subsidiaries

- Trans Resources Corporation Sdn Bhd ("TRC")
- TRC Land Sdn Bhd ("TRCL")
- ADS Projek Sdn Bhd ("ADS")
- TRC Niaga Sdn Bhd ("TRCN")
- Trans Handan Bridge Sdn Bhd ("THB")
- TRC (Aust) Pty Ltd

Projects

- LRT3 Package TD2 ("TD2")
- Pembangunan Perumahan Awam Malaysia ("PPAM")
- MRSM Ranau ("Ranau")
- Mixed Development Tower, Precinct 8, Putrajaya ("8MD3")
- Residential Tower, Ara Damansara, Petaling Jaya ("PERLA Ara Sentral")
- BNM MINT Modernisation Project ("MINT")
- Prasarana HQ ("PHQ")

Foundation

- Yayasan TRC ("YTRC") (A foundation established by the Group which undertakes charitable and philanthropic activities)

SUSTAINABILITY GOVERNANCE AND IMPLEMENTATION

Sustainability integration at the highest level have enabled the Group to remain steadfast in its sustainability commitments. The Group pursues its sustainability goals through a concerted effort by having robust internal processes and an effective internal control environment.

In 2017, the Group established its Sustainability Policy which encompasses all aspects of ethical business practices that includes environmental, social, and economic issues. The policy's main objective is to promote sustainable practices in the company across all levels, from the Board of Directors of the Company and the Group's Senior Management to all other levels of personnel. This is achieved by integrating principles of sustainability into the Group's strategies, policies, and procedures, creating a culture of sustainability within the Group.

In 2019, the Board of Directors of TRC Synergy Bhd ("the Board") established a Sustainability Committee which comprised of two (2) Board members and Chief Executive Officer ("CEO") of TRC to help them fulfill their responsibilities related to sustainability practices. The Committee is supported by Sustainability Working Committee which comprised of relevant departments within the Group, such as Corporate Affairs, Quality, Safety, Health & Environment ("QSHE") and Human Resources ("HR"), along with representatives from the Internal Audit Department and YTRC. The Sustainability Working Committee, led by the CEO of TRC is responsible for ensuring the effective implementation of the Group's Sustainability Policy, and reports to the Sustainability Committee.

The Group's sustainability governance is well illustrated in the following three-tier structure:

STAKEHOLDERS ENGAGEMENT

Stakeholders' engagement forms one of the important components in the Group's sustainability approach. Throughout FY2022, the Group actively engaged with different stakeholder groups to drive sustainable business growth while fulfilling operational requirements. Through regular and proactive engagements with the Group's stakeholders, the Group manages to obtain concerns, needs and perspectives on what matters to its stakeholders, business operations and sustainability performances.

For effective engagement with the Group's stakeholders, various methods are employed including but not limited to the following:

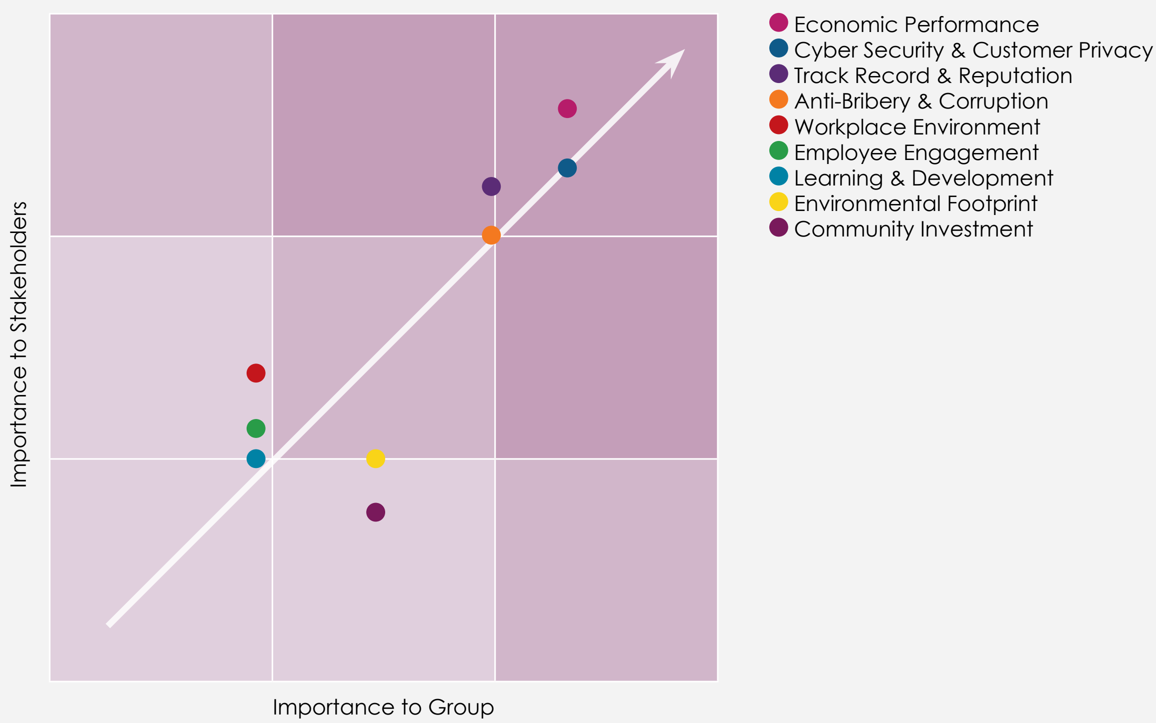
STAKEHOLDERS	ENGAGEMENT METHODS
1 SHAREHOLDERS AND INVESTORS	• Annual General Meeting • Announcements to Bursa Securities • Company's corporate website • Annual Reports • Annual Stakeholders' Engagement Survey
2 CLIENTS	• Contractual engagement • Tender meetings/briefings • Progress Reports & Meetings • Annual Stakeholders' Engagement Survey
3 AUTHORITIES	• Regulatory compliance and licensing • Project Site Inspection • Annual Stakeholders' Engagement Survey
4 SUB-CONTRACTORS, SUPPLIERS AND VENDORS	• Contractual engagement • Daily operations • Annual Stakeholders' Engagement Survey
5 ORGANISATIONS	• Seminars • Annual Stakeholders' Engagement Survey
6 FINANCIERS	• Regular meetings • Annual Stakeholders' Engagement Survey
7 EMPLOYEES	• Training sessions • Daily operations • Annual Performance review • Meetings • Annual Stakeholders' Engagement Survey

MATERIALITY ASSESSMENT

Since 2021, the Group has conducted its materiality assessment via the Engagement Survey Form ("the Survey") to identify and prioritize sustainability issues that are important to its stakeholders and have a significant impact on its business operations. The Survey was also made available on the Company's website for easy access.

In FY2022, the Group re-evaluated the priority of its material sustainability matters through the same method. The materiality assessment results will help the Group establish its sustainability strategy and objectives, which will be aligned with its stakeholders' interests. The Materiality Matrix below represents the Group's materiality assessment results for FY2022:

MATERIALITY MATRIX



The matrix reflects economic performance as the most significant sustainability matter for both stakeholders and the Group. The Group recognizes that these are consistent with the nation's urge to create economic recovery and growth after COVID-19. Therefore, the Group is committed to enhancing its financial performance while ensuring the sustainability of its operations.

Track record and reputation, as well as cyber security and customer privacy, are also the crucial concerns for stakeholders and the Group in today's business environment. The Group acknowledges that by prioritizing these areas, the Group can build a strong reputation, protect its sensitive data and ensure stakeholders' loyalty and satisfaction.

THE GROUP'S SUSTAINABILITY FRAMEWORK

Insights from the stakeholders gained through the material assessment are a foundational step in how the Group formulates its strategy, conducts business and reports on its progress. The identified material matters from the Survey are assimilated in the Group's strategy and commitments and shared as follows:

SOCIAL SUSTAINABILITY

1. **CORPORATE SOCIAL RESPONSIBILITY ("CSR")**
   - Employees' Welfare
   - Donations to Community
   - Protection of the Environment
2. **A BRIDGE BETWEEN THE ARTS AND SUSTAINABILITY**
3. **TALENT MANAGEMENT**
   - Our EMPLOYEES - the Driving Force
   - Gender Balance in Business
     - Gender Split Total Working Population
   - Women Representation & Leadership
   - Demographic – Building a Diverse & Inclusive Workforce
   - Performance & Career Progression
   - Life Long Learning via Training & Development and Engagement Activities
   - Working Together – Continued Opportunities via Industry Collaborations and Education Training Programs (Internship, Work Based Learning and Protégé)
   - Employing Prisoners/Offenders - Yellow Ribbon Program (Orang DiSelia@ODS)
   - Recruitment and Remuneration Paid to Senior Citizens

QUALITY, SAFETY, HEALTH, AND ENVIRONMENT ("QSHE")

1. **QUALITY OF WORKS**
2. **EMPLOYEES' SAFETY, HEALTH AND WELL-BEING**
3. **ENVIRONMENT**
4. **SUSTAINABLE FUTURE**
   - Sustainability Initiatives
     - Creating and Raising Awareness
     - Our Commitment to the Environment
     - Element Melbourne Richmond Hotel
5. **CYBERSECURITY**

ECONOMIC SUSTAINABILITY

1. **CORPORATE GOVERNANCE**
2. **TRACK RECORD AND REPUTATION**
3. **BUSINESS SUSTENANCE AND GROWTH**

SOCIAL SUSTAINABILITY

Corporate Social Responsibility ("CSR")

The Group aims to achieve a balance between its own corporate growth and social responsibility. The Group believes in giving back not only to its employees but to society in general.

Therefore, the Group is actively pursuing CSR activities which are primarily under the purview of YTRC, a foundation established by the Group to ensure that the people within and outside the Group benefit from the existence of YTRC.

At present, YTRC is chaired by General (R) Tan Sri Dato' Seri Mohd Shahrom Bin Dato'Hj Nordin, the former Chairman of the Company. YTRC is supported by the Group's employees on an ad hoc and voluntary basis as and when necessary.

The initiatives undertaken by the Group via YTRC in FY2022 were as follows:

Employees' Welfare

i) Allocated one-off financial assistance amounting to RM5,000.00 per employee who pursues their off-campus studies at local universities. As of FY2022, one (1) employee has utilized the financial assistance amounting to RM3,250.00 to pursue a degree in accounting.

ii) One-off financial assistance amounting to RM 1,000.00 for three (3) employees' children totaling RM3,000.00 who pursued their full-time studies at local universities.

iii) Excellence Education Award was rewarded to the nineteen (19) employees' children who obtain excellent results in the Sijil Pelajaran Malaysia and semester examinations amounting to RM13,500.00.

iv) Bereavement Contribution to three (3) immediate family members of the employees amounting to RM4,000.00.

v) Marriage and new born child incentives to twenty-one (21) employees amounting to RM17, 000.00.

vi) One-off cash donation amounting to RM 2,000.00 to one (1) employee who needs funding to undergo treatment for a heart complication since birth at the National Heart Institution.

vii) Donations totaling RM18,500.00 were made to nineteen (19) employees who were affected by floods.

Donations to the Community

The Group understands the value of partnering with the communities in which it operates. It also recognizes that thriving and resilient communities are essential for a sustainable future. Hence, the Group always endeavours to enrich the community, which can also serve as good publicity for the Group's activities.

The following were undertaken by YTRC to promote a strong sense of community:

"Program TRC Prihatin"

- Donations amounting to RM6,000.00 in the form of cash and daily essentials to Pusat Penjagaan Warga Emas Chan, Kuala Lumpur and Hun Nam Siang Tng, Sarawak in conjunction with the Chinese New Year celebrations.

- One-off donation amounting to RM15,000.00 to Sekolah Kebangsaan Wangsa Maju Zon R10 for the purpose of upgrading the school facilities for a conducive learning environment.

- Back-to-School donations amounting to RM3,500.00 were given to fifty (50) students from Sekolah Jenis Kebangsaan Tamil Ladang Batu Ampat, Klang who are under the B40 household income category.

Chinese New Year's contribution to old folks home

Back to School donations

"Program TRC Prihatin"

- Donations amounting to RM20,000.00 were made in conjunction with Ramadhan Al-Mubarak in the form of basic food supplies to families who are under the B40 household income category through three (3) surau and four (4) orphanage houses that are within the vicinity of the Group's headquarters and project site at MRSM Ranau, Sabah.


Donations in conjunction with Ramadhan Al-Mubarak

- Donations of RM5,000.00 were made to Putrajaya Hospital in the form of providing the reading and play areas for the pediatric ward in the Endocrine Building Unit.

- Seventeen (17) used computers, twenty-four (24) repurposed laptops and one (1) television screen that has been well-maintained to the following:

  a) New intake students for the Degree in Education from Universiti Utara Malaysia
  b) Students at Sekolah Jenis Kebangsaan (Cina) Chuen Min, Teluk Pulai, Klang
  c) Students at Sekolah Jenis Kebangsaan (Cina) Kampung Tawas, Ipoh, Perak
  d) Students at Sekolah Jenis Kebangsaan (Cina) Thung Hon, Chenderong, Batu Gajah, Perak

Contributions to the Pediatric Ward, Putrajaya Hospital

Contribution of repurposed laptops to Universiti Utara Malaysia

"Program Jalinan Ilmu"

- YTRC Scholarships totaling RM44,000.00 were awarded to two(2) students from the selection of the First Batch and an additional two(2) new students from the selection of the Second Batch at the University Tun Hussein Onn Malaysia (UTHM).

Protection of the Environment

The world has witnessed an unprecedented human impact on the natural environment that threatens the viability of life on Earth. It is the aspiration of the Group to manage its operations in a socially and environmentally responsible manner.

YTRC has organized an Environmental Program namely, "YTRC Earth Hour Dinner in the Dark Challenge" to promote environmental awareness. Vouchers amounting to RM1000.00 were awarded to four (4) selected winners.

A Bridge between the Arts and Sustainability

Sustainable art is about creativity to find new ways to make art that can benefit the environment, whether that is by using accessible natural materials, or by inspiring social awareness on pressing issues.

To move toward a more sustainable future with great joy and enthusiasm, there must be something that the society hope for, an appealing and alluring vision that draws the society. Since ancient times, the arts have traditionally helped us envision the future. Therefore, the Group in conjunction with Jalak Art Initiative has shown its support for a sculpture exhibition of artist held at the Group's head office. Through the sculpture exhibition that displayed sculpture made of different kinds of wood such chengal, balau and merbau, the Group hopes to convey a message to society that the relationship between art and sustainability, though, is not limited to physical media, be that sculpture created from natural materials or made from materials respectful to the environment.

Sculptures display by Jalak Art Initiative

Talent Management

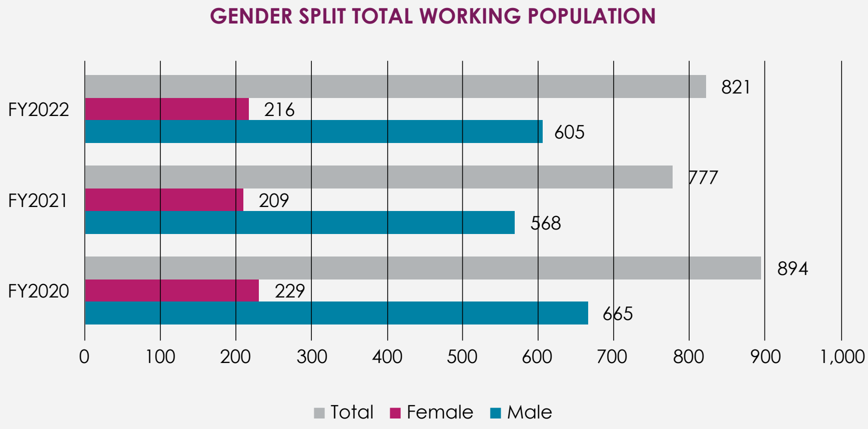
Our EMPLOYEES - the Driving Force

The Group's achievements are attributed fundamentally by its key pillar of growth which is the employees. The progress and successful delivery of the Group business strategy and business performance on the long term come from strong commitment, dedication, and contribution of each of its employees who are essential towards the organisation. The Group also remain committed and understand how its performance, safety, collaboration, integrity, innovation, and sustainability help drive its businesses' performance.

In FY2022, the Group continued to focus on its sustainability journey by maintaining a progressive and healthy organisation. The Group employs and develops talented people, continually strengthening its leadership and internal talent capability, and enhancing employee performance by fostering strong engagements internally and externally. The Group is pleased with the progress they are making in providing fair opportunity in recruitment, career development, promotion, training, and reward for all employees.

Gender Balance in Business

The Group does recognize that some parts of its organisation have a challenge to attracting and retaining female employees, professionals and leaders and the Group knows from its statistics that they have more male than female employees in our Group of companies. In FY2022, the Group's employees of 821 people comprise of a mix gender representation of 605 male and 216 female representing 74% and 26% respectively.

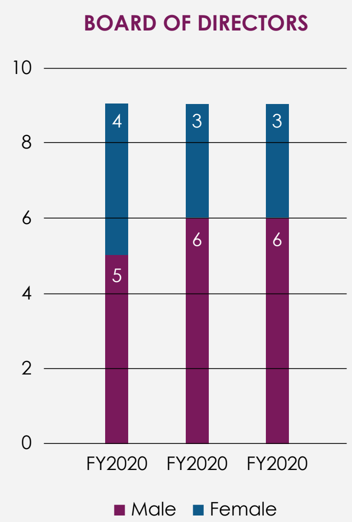


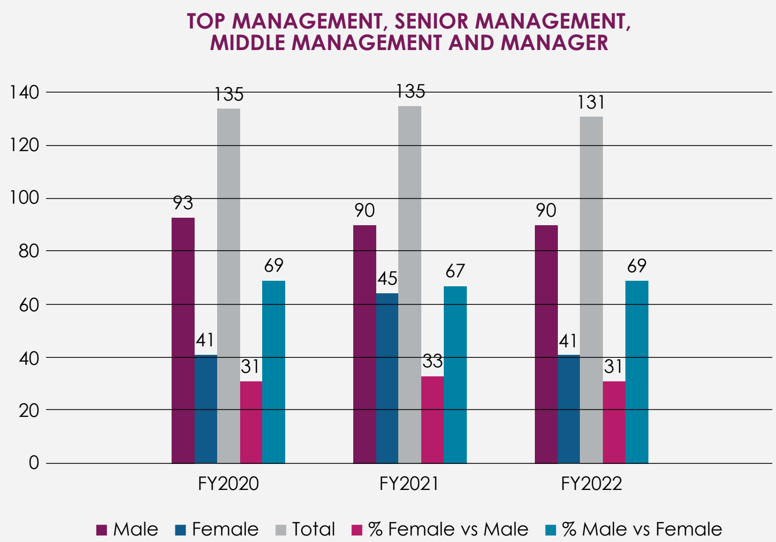
Women Representation & Leadership

In FY2022, 216 of the Group's employees were women and its proportions of female employees has reduced slightly to 26% (from 27.0% in FY2021). The Group will continue its efforts in developing its internal talents and enhancing the conditions for female employees to grow within all parts of its organisation.

The Group sees fewer female at senior executive and non-executive levels and they work to overcome the challenge of retaining its female employees for them to make it to the managerial level by continuously providing them with relevant training and development programs.

In FY2022, the Group's Board had 9 members, out of 3 members that were female (33.3%) and in the Leadership/ Management level, 41 employees (31.0%) out of 131 employees were female with the remaining 90 employees (69.0%) were male.





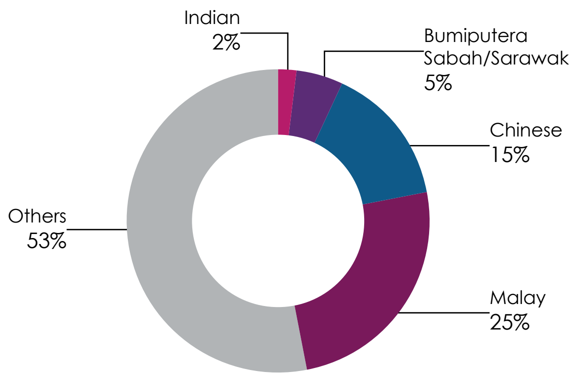
Demographics - Building a Diverse & Inclusive Workforce

The Group continues to embrace inclusion by having differences in race, personality, religion, culture, etc. The Group believes that we are all different in many ways and our differences can generate various points of view and contribute to creativity and innovation.

The diversity and inclusiveness are core to who the Group is and how they work as a Group. Being an integrated organisation, the Group's teams are generally diverse and are recruited from all races, background, age groups, experiences and nationalities. The Group values and promotes diversity and regard it as a key to the Group's success.

Fostering Diversity & Inclusion via Engagements Activities and Events

ETHNICITY



Note: The above data excludes the Group's trainee

With a diverse workforce, the Group is better equipped to utilize the power of different backgrounds, knowledge, abilities, opinions, perspectives, and cultural beliefs that helped the Group embraces and stride its toughest challenges. They are committed to providing a workplace where everyone can nurture and advance fairly based on merit with equal opportunities in a supportive, friendly, and inclusive environment.

The Group believes in embracing diverse talent, valuing each member of its team, and providing inclusive leadership. All employees are encouraged to contribute ideas, opinions, feedbacks, suggestions, and decisions. The Group utilizes its differences that come in the form of culture, relationships, creativity, reliability, solutions, etc. to better achieve its goals and objectives. Suffice to say, with these differences, the Group made a lot of progress and strive to go even further.

In all, the Group agrees that diverse and inclusive team are not only more innovative, but are also more engaged and creative. The Group believes that everyone has the ability to influence change and encourages its employees to open to new ways of doing things and to lead inclusively. The Group continues encouraging diversity and inclusion environment and this activity can be simple such as 'mentor' someone who is different from us, given assignment to someone other than your normal 'go to' person, when promoting - think about someone who has made significant contribution that we have overlooked, respect differences, don't assume answer but ask questions to understand the point of views that are different than ours, participating in activities that promotes wellbeing, etc.

The Group works with diversity and inclusion continuously in order to give all employees equal conditions for their individual career development and the Group believes this helps promotes the highest performing teams and talents. The embedding principle of diversity and inclusion in the way the Group does business gives them a better understanding of the needs of its people, subcontractors, suppliers, and business associates. It is a collective commitment that the Group holds steadfastly to foster an environment where all differences are valued and everyone should experience a sense of belonging.

The Group is committed to promoting sustainable business and acting responsibly in relation to our stakeholders - employees, subcontractors, workers, and communities. The Group is also determined and confident that this creates business values and sustainable organization.

Performance & Career Progression

The Group continuously work to reflect encouraging career growth and succession for its employees. The on-going performance review process is vital for the Group as it offers employees and team members the opportunity to have meaningful conversation with the immediate supervisors and managers about their performance, growth, and development. The two way communication between the manager and the subordinate that becomes a 'performance preview' process in which the superior and the subordinate can "have conversations" that allow the manager to become a coach and mentor/tutor for the subordinate. In this regard, the performance appraisal which evaluates employees' capabilities and knowledge including developmental requirement add value to the organization's performance appraisal process by providing results-based evidence of employees' productivity.

Across the Group, employees receive continuous performance review that focuses on several areas such as competencies, skills and results and they include a self-assessment and feedback from immediate supervisors and managers. The performance review is also a chance to reflect on the commitment and contributions each team member or a person makes and gives to the Group's long-standing commitment to its employees. Also, it is one of the proven ways that help the Management values high performing individuals and highly deserving talents who have done exceptionally for the Group. FY2022, 69 individuals from various job categories and specializations received their employment confirmations (40) and promotions (29).

Gender	Category	Year & Percentage					
		FY2020	%	FY2021	%	FY2022	%
Female	Executive & Above (Technical & Non-Technical)	2	8.33	3	12.50	3	10.34
	Non-Executive (Technical & Non-Technical)	4	16.67	11	45.83	7	24.14
	Total	**6**	**25.00**	**14**	**58.33**	**10**	**34.48**
Male	Executive & Above (Technical & Non-Technical)	1	4.17	3	12.50	6	20.69
	Non-Executive (Technical & Non-Technical)	17	70.83	7	29.17	13	44.83
	Total	**18**	**75.00**	**10**	**41.67**	**19**	**65.52**
Male & Female	**Grand total**	**24**	**100.00**	**24**	**100.00**	**29**	**100.00**

(Note: the above data covers promotion only)

Life Long Learning via Training & Development and Engagement Activities

It is the employees who make the Group a distinguished place to work. The Group continuously strives to provide ample opportunities and support its employees in their professional and personal growth to enable them to have significant and successful careers with the organisation. Being the Group greatest resource, their growth in knowledge, career opportunities, well-being and prosperity are central to the success of the organisation. The Group's employees are given the learning opportunity to assimilate information, skills, knowledge from different fields and put them into actionable strategies for the organisation. The lifelong learning opportunities at all level across the Group enable effective, flexible environment and at the same time its employees get to learn from external facilitators, guest speakers and experts and get to network.

The Group continuously invest in its employees to keep them build the right skills, competencies and experiences through training and a wide variety of development opportunities. The Group supports its employees in achieving balance between career and personal life while managing work expectations and deliverables. They continue motivate and inspire their employees not only through learning and acquiring new skills, knowledge, experience, mentoring, supervising, and coaching but also by building strong relations and lasting networks across the Group. This helps them form a lasting foundation for successful career, development, and growth.

In FY2022, a total of 365 employees attended various trainings, seminars, and conferences. The Group's diverse team is united by shared and common purpose via continued learning, unlearning, relearning towards operational excellence. As its people are essential to the Group's success, the Group works to maintain a productive and healthy organisation by employing and developing its talented people, continually strengthening its leadership, and enhancing employee performance by fostering continual and strong engagement.

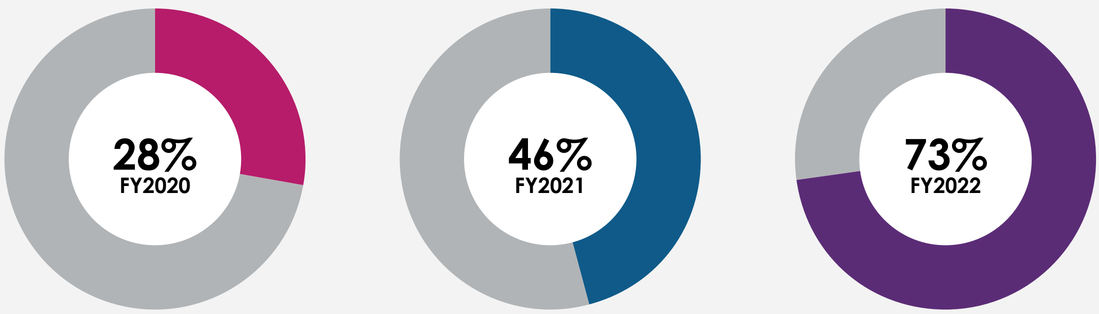
The Group also offers various channels and tools for its employees to come forward with feedbacks and responses towards creating a physical, mental, and socially healthy workplace that promotes development for all employees where every department and project work closely with its QSHE Department at the Head Office on preventing the risk of occupational injuries, occupational illness, and procedures enhancement; they do this through risk identifications and awareness sessions throughout the year.

The Group understands that its employees expect the Group to keep them safe, treat them with respect and be a good employer. The Group spent RM593,138.56 for insurance premiums of its employees insurance schemes that include Group Term Life (GTL), Group Personal Accident (GPA), Group Hospitalization and Surgical (GHS) in FY2022. The Group also upholds to a proven caring model for maintaining and enhancing its employees' competence on health, safety, and well-being. For this, the employees are provided with training that aims to recognize risk related to work ability by attending safety and health training and course such as Basic Occupational First Aid, CPR, Fire Extinguisher, HIRARC 2.0: a Tool for Preventive Culture, Crane Safety Inspection & Lifting Gear, Emergency Response for First Aiders, etc.

The Group maintains professional relationships with a range of trainers, training providers and other agencies in keeping abreast and compliance with the purposes of maintaining a safe working environment for its employees. With the expansion of Pembangunan Sumber Manusia Berhad (PSMB) Act 2001 and section 14 of the said Act, the Group utilised approximately 40.0% of the contributed levy and had provided almost 7134 formal training hours for our employees. During the year, 73.0% of our employees attended training and achieved their KPI for training of 8 hours per annum; this is an increase of 27.0% compared to a 46.0% FY2021 as shown below.

Details	FY2020	FY2021	FY2022
Employees attended training/courses and achieved their KPI training goals (8 hours of training per annum)	71 pax	196 pax	365 pax
	28.0 %	46.0 %	73.0%

EMPLOYEES' COMMITMENT AND ACHIEVEMENT TOWARD THEIR KPI TRAINING GOALS



RM199,625.11
HRDC levy and expenses paid by company for employees' training and development

365
Number of employees who participated & attended training

19.54 hours
Average training hours per employees

The Group wanted its people to spend time and accomplish their training goals; including planning for training and it is fully understandable that mostly everyone are all busy and sometime we may not have all the time but the Group always encourage the employees to feel confident about providing knowledge sharing and help one another to build a culture of embracing continuous learning in order to be more effective at work so as to contribute to a strong, knowledgeable and accountable employee and employer holistic relations – a great way that recognize the success of the business. Hence, informal sharing sessions took place throughout the year via meetings, discussions, on-the job trainings, engagement activities, etc.

Health-concious activities conducted by the Group to promote healthy lifestyle

Working Together - Continued Opportunities via Industry Collaborations and Education Training Programs (Internship, Work Based Learning and Protégé)

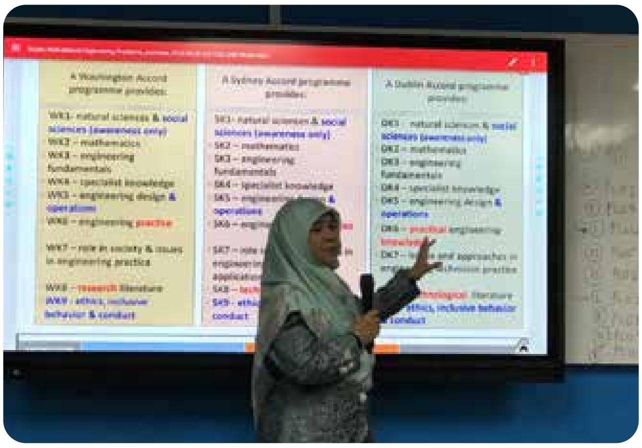
The Group has close ties with higher learning institutions - universities, polytechnics, and colleges nationwide and we define collaboration as all forms of working with organisation outside the Group. These collaborations range from working together in meeting specific requirements to providing placements and sponsoring a particular group or students.

PPI Talks heald at our TRC Edu-Centre in PUO

The Group is considered an attractive employer for students pursuing their undergraduate training and internship. FY2022, the Group offered opportunities for male and female students and that the Group aims to offer and attract more young professionals to its organisations.

The Group's on-going collaborations with Politeknik Ungku Omar (PUO) and Universiti Tun Hussein Onn Malaysia (UTHM) since 2017 and 2018 respectively also contribute to developing better practices and the work with these institutions gives the Group greater insight into its business/industry via sharing of knowledge and experience with others especially the academicians and students.

Throughout 2022, the Group also have its dedicated internal talents/work group who played an active role in providing lifelong learning experiential sharing and informal discussions across the Group. They continue to apply similar efforts and initiatives as additional tool to support business decisions and validate its approach to the collaboration's strategy. The establishment of TRC Edu-Centre in 2018 at PUO benefits the institution as it caters for educational activities by the Group's own talents, other academicians, and subject matter experts. This combination will enhance both the capabilities and scale required for the institution and industry's operations. In doing so, it cements our commitment to help grow the students and future talents for the industry.



Educational activities and collaboration with subject matter experts and other academician (Training Providers & Academicians) held at TRC Edu-Centre in PUO

PPI Talks Held at our TRC Edu-Centre in PUO

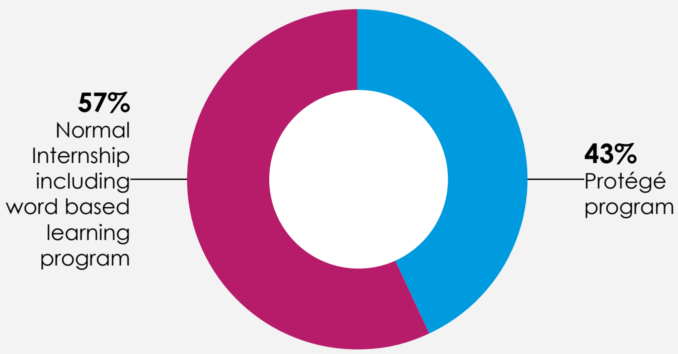
Besides active learning, project based learning and problem based learning, other activities were also held at the TRC Edu-Centre in Year 2022 such as Benchmarking Visit from Faculty of Engineering, University Teknologi Petronas on the implementation of WBL and BETO in PUO, Workshop on BEM ETAC Standard 2020: Systematic Constructive Alignment For Dublin Accord's Knowledge Profile and Rubrics Design, Penjana KPT-PACE: Lean Six Sigma Awareness (Yellow Belt) Certificate Program, Penjana KPT-PACE: UNESCAP Certificate in Multimodal Transport Operator (MTO) Freight Forwarding Program, Penjana KPT-Pace: OSH Certificate Program, Mock Audit By External Auditors for APACC ReAccreditation, Bengkel Penyediaan Pelan Pengurusan Risiko PUO MS ISO 9001:2015.

The Group continues to provide placement for students from various fields and disciplines of study for their internship programs in the company including the Work-Based Learning (WBL) Program and Protégé Program. In all, a total of 95 students and graduates were trained under these programs in FY2022 including thirty students from the previous year intake. The Group spent a total of RM624,319.84 for their allowances and soft skills training.

The Group's strategic supports via internship and graduate placement programs have also helped the Group to source for promising talents for its diversified businesses. The applications that the Group received were dominated by students pursuing civil engineering, quantity surveying and construction management courses; and they are highly recommended for construction industry's workforce.

FY2022 HIGHLIGHTS

TRAINEES' PLACEMENT



188
Internship applications received

65
Interviews conducted

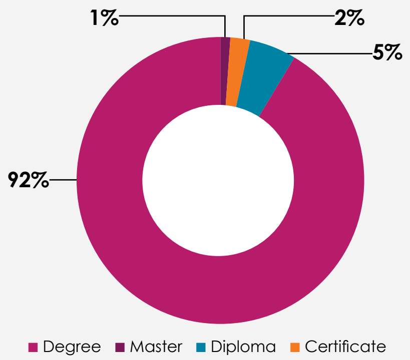
96
Interview invitations

15
Assessment & presentation conducted

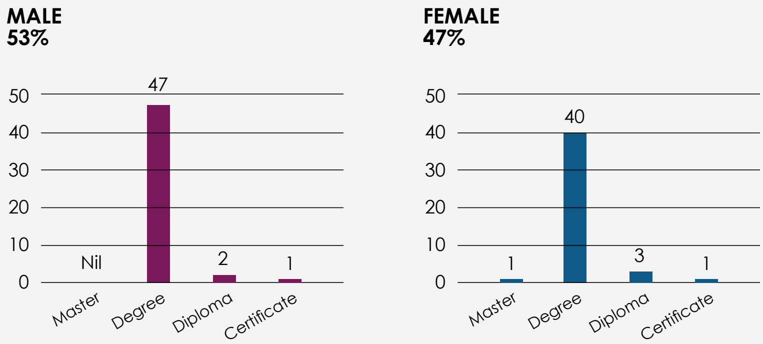
84
Students & graduates placement at various Group's projects and departments

Academically, most of our Protégé & WBL Program graduate trainees possess degree and master; and 88 out of 95 trainees are with such qualifications. It is at 92.63% as opposed to 7.37% with certificate and diploma academic qualifications and they were also given the opportunities to undergo their internship program with the Group.

ACADEMIC/EDUCATION ATTAINMENT



GENDER DISTRIBUTION



The Group also offer employment to its trainees and graduates after their internship and graduate program period is over. The Group has many of its trainees and graduates continue working with the Group on a fixed term contracts and to-date, FY2022, a total of seven (7) interns and graduates have continued their service as employees with the Group.

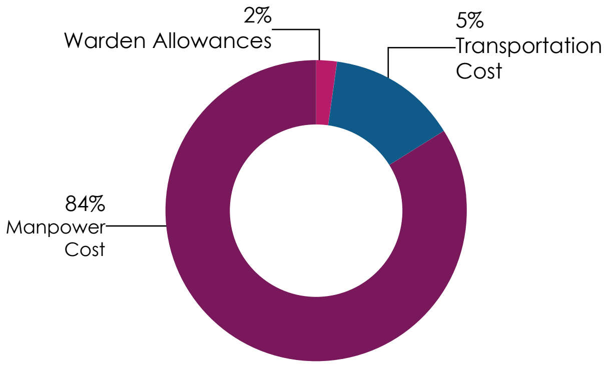
Employing Prisoners/Offenders - Yellow Ribbon Program (Orang DiSelia@ODS)

The Group continues participating in the program that was introduced and implemented by the Malaysian Government in November 2019. Since program implementation, the Group has successfully employed a total of 219 ex-offenders/prisoners, also known as Orang DiSelia (ODS) via the Yellow Ribbon Program via collaboration with the Malaysia Prisons Department.

The Group continues helping ex-offenders/prisoners back into society. The Group strongly believes that they deserve a second chance and they themselves can be part of the society and the social ties after they came out from the prison upon completing their jail terms.
In FY2022, the Group spent RM1,690,329.70 on salaries, wages, allowances, and transportation expenses for our dedicated ODS personnel who were employed at the TRC TD2 Projects: Light Rail Transit Line 3 (LRT 3) and 8MD3 Project: TRC Mixed Development Project in Putrajaya .

For this on-going initiative, LHDN Malaysia allows the Group to enjoy double tax deduction in its yearly income tax submission.

ODS EXPENDITURES



Recruitment and Remuneration Paid to Senior Citizens (Above 60 years old and with last drawn salary RM4000 & below per month)

Most of The Group's employees work on a full time on permanent and fixed term contracts. However, the Group does have its employees and able workers that the Group offers employment opportunities beyond mandatory retirement age of 60 years old. They were employed or re-employed on a fixed term contract and usually to cater for the Group's operations and business requirements.

In FY2022, the Group spent RM378,217.15 which accounted for eleven (11) senior citizens beyond 60 years old with salary bracket up to RM4000 per month. For this, it allows the Group to enjoy double tax deduction in its yearly income tax submission to LHDN.

The Group's workforce also comprises of
25 people
beyond mandatory retirement age of 60 years old

It represents
1.33%
from the Group's total workforce

The oldest people in the Group's workforce aged
69 years

The Group is eligible for Double Tax Deduction
RM378,217.15

QUALITY, HEALTH AND SAFETY, ENVIRONMENT (QSHE)

The Group's mission statement affirms that QSHE remains at the forefront of the Group's priorities, guiding the Group on how it should conduct its business and operations. In pursuing QSHE excellence, the Group's main subsidiary, TRC which is "ISO" (International Standards Organization) certified drafted the QSHE Policies which has since been adopted by the Group. This policy is regularly reviewed to continuously strengthen and improve the QSHE performance.

VISION STATEMENT
To be a leading company in sustainable construction and creating values for stakeholders

VISION STATEMENT
1. We provide superior quality products and professional construction services for our clients
2. We develop effective teams by providing continuous trainings and inclusive working experience
3. We enrich communities through sustainable practices

TRANS RESOURCES CORPORATION SDN BHD

QUALITY, SAFETY, HEALTH & ENVIRONMENTAL POLICY

The management and staff of Trans Resources Corporation Sdn Bhd are fully committed in delivering quality construction services to its clients, minimizing adverse impact to the environment and protecting the safety and health of its clients, employees, workers, the general public and other stakeholders in line with organisation strategic direction. This is achieved by undertaking the following:

- Meeting stakeholders needs and expectation, including legal and other requirements.
- Developing, implementing, maintaining and continually improving the Quality, Safety & Health and Environmental management system and its performance in accordance to relevant ISO standards.
- Managing projects effectively and efficiently.
- Eliminating hazards and reducing OSH risks and Environmental risks.
- Providing safe and healthy working conditions for the prevention of work-related injury and ill health.
- Consultation and participation with employees, workers and other stakeholders.
- Carrying out sustainable construction, protecting the environment and preventing environmental pollution.
- Continually educating our employees in quality, safety, health and environment.

Siti Sarlina Binti Abdul Rahman
Chief Executive Officer (Acting)

Date: 10 MARCH 2022

The Group has also initiated a comprehensive QSHE Manual which fulfills the ISO requirements with regard to QSHE in order to validate the Company's ISO 9001, 14001 and 45001 certifications. Every employee receives a controlled hard copy of the QSHE Manual, which is part of the QSHE Management System Documentation, as well as a soft copy on the Group's general server. New employees are requested to acquaint themselves with the said manual. The manual is updated on a regular basis to keep up with any modifications to the ISO requirements.

Quality of Works

Quality improvements within a business especially where compelled by ISO standards, help the Group evaluate and improve its efficiency, reduce waste and improve its management process. This can then, in turn, improve the competitive advantage of the Group. The ISO Standards practiced within the Group have contributed extensively towards this end.

Employees' Safety, Health & Well-Being

The COVID-19 pandemic has brought unprecedented global challenges and it has changed our ways of working considerably. At the Group, even though Malaysia has entered endemic phase, the responses to COVID-19 are still ongoing and its disaster response effort has also improved accordingly as employees' health and safety always come first at the Company.

A safe working environment, preventing work injuries and illness and providing access to healthcare are of an utmost importance for the organization. The Group is committed to protecting the health and safety of all employees and its subcontractors, suppliers, and workers. The Group ensures adherence to health protocols by adjusting its business operations and activities based on the requirements from relevant health officials.

The Group focuses its priorities on:-

- the protection and safety of its employees, workers, and subcontractors by maximizing all precaution measures that can be put in place.
- the continuity of its business operations activities to fulfil our commitments and obligations.

To manage health and safety issues that arise from the Group's construction activities and to minimize the risk of injury and illness across its projects, the QSHE Manual serves as a guide to the Group in terms of its work practices towards creating a safer workplace.

Since most of the Group's projects involve interaction with the public, it is undeniable that the Company does not only owe an ethical and a legal duty to provide a safe workplace for the employees, but also to the general public. Hence, the Company must ensure that standard operating procedures ("SOP") to mitigate the effects on those who are possibly at risk are in place.

Examples of the Company's application of the SOP since 2019 are as shown below:

TD2

Kg Johan Setia
- Maintenance of public road access.
- For vibration occurring due to piling works, surveys with photographic documentation are conducted before and after the works with TRC to repair any damage found upon comparison.
- Dust control via water bowser.
- In the event of a flood, TRC is to rectify the existing drainage and provide CSR to flood victim such as manpower and machinery for the cleanup.

8MD3

Precinct 8, Putrajaya
- Noise complaint and mitigated by the Safety Department.
- Road closures.
- Dust control via dust control canvas and water bowser.
- Silt curtain for lake protection.

PPAM

- Noise complaint and mitigated by the Safety Department.
- Road diversion.

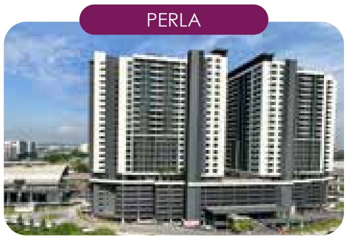
PHQ

- Dust control via water bowser.

RANAU

Complex Sukan Ranau & Paragliding Activities
- Road diversion.
- Dust control via water bowser.

PERLA



LRT Station
- Dust control via water bowser.

In order for the Group to conform with the requirements of its QSHE Policies and the QSHE Manual, internal audits specifically addressing QSHE issues are carried out twice annually. The resultant Audit Reports serve as guidelines for improvements. The Group also provides adequate Personal Protective Equipment ("PPE") to all workers.

There was one (1) fatality case incident that occurred in FY2022. The incident involves one (1) general worker from a subcontractor, which works under one of the Group project, construction and completion of Prasarana HQ. The Group has also recorded a Lost Time Incident Rate (LTIR) for each of the project under the Group. The calculation of the LTIR is conducted using the formula of:

$$\frac{A}{B} \text{ X } 200{,}000$$

Where
A: Number of lost time injuries in the reporting period
B: Total number of hours worked in the reporting period

The LTIR for each of the project under the Group is as follows:

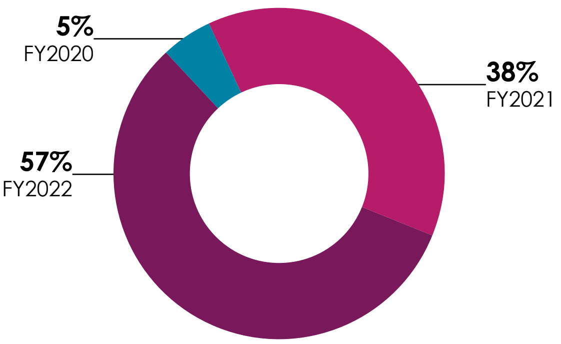
RANAU: 0
MINT: 0
PHQ: 0.47*
PPAM: 0
8MD3: 0
LRT3-TD2: 0

*A = 1, B = 429,170

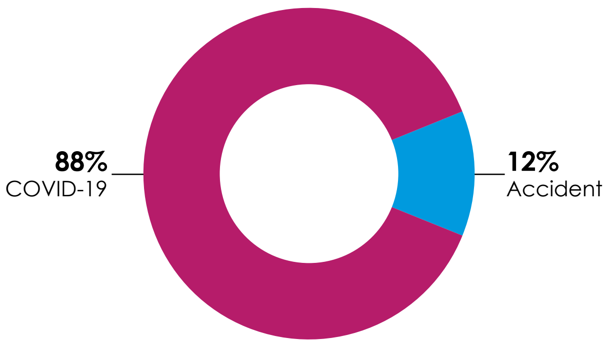
Apart from that, the Group's Human Resources Department recorded 4 cases of work-related injury including those who met with road accidents while travelling to and from work and 30 COVID-19 cases in FY2022.

FY2020		FY2021		FY2022	
Work Related Injury	COVID-19	Work Related Injury	COVID-19	Work Related Injury	COVID-19
2	1	0	23	4	30

SOCSO CLAIMS



SOCSO CLAIMS FY2022



The Group is committed to engage regularly with and educates its employees at project sites. Scheduled training sessions are conducted to ensure that all employees and workers are equipped with relevant and updated information to meet safety and health requirements. Apart from the in-house training, the Group has also sent its employees for external training, especially for the competent personnel such as Safety and Health Officer for the collection of Continuous Education Program (CEP) Points. Other than the CEP points training, other key employees were also sent for safety and health related training such as lifting supervisor and Basic Occupational First Aid training. Total number of employees sent for safety and health training are 158 for internal training, and 128 for external training.

At the Group's Head Office, the Group also has safety, health and environmental (SHE) committee, whose mission is to promote and further advance employees' safety and well-being at work. The committee gathers quarterly to discuss topics requiring special attention and brings forward the issues raised by employees in the organization to the Management.

In FY2022, the Group implemented Flexible Work Arrangement (FWA) framework of which the guidelines and procedures are supported by various enablers mainly people, process, and technology. The FWA enables its employees to adopt hybrid work arrangements that are suitable to the nature of their jobs without affecting company's business operations and requirements. The employees also get to work flexibly from home while observing COVID-19 home surveillance quarantine. Other than work flexibility, the Group continues to provide free catered lunches for its employees. In FY2022, the Group spent RM125,300.00 on catered lunches for its employees at the Office.

The Group believes they have made a significant progress across all areas they consider to be material to themselves and their employees / stakeholders, and are pleased to have the initiatives, actions and growth being made towards its sustainability journey thus far. The Group has learned the importance of setting clear direction and being transparent about what is important to them and hold themselves accountable to its objectives and goals.

Moving forward and through enhanced and active participations, the Group is preparing themelves to meet the expectations and they are in no doubt that collective action is needed to drive the progress required for a sustainable future. Through its engaged and determined workforce, The Group drives forward on its commitments and they are positive about the progress they can make moving into 2023.

Environment

Caring for the environment is crucial and it is only right that the Group continues to raise the bar in its environmental performance. Operating in the construction sector, the Group acknowledges the need to strengthen its emphasis on limiting environmental impacts. Therefore, the Group undertook several initiatives to promote environmental awareness amongst staff and workers based at the Group's project sites where the impact of their execution of work on the environment is more significant.

The activities which were divided into the following two categories have been well received and adopted by those involved:

1. General Activities

- Safety, Health, and Environment ("SHE") induction training sessions were held at all project sites before work commencement and attended by all project staff and workers
- SHE briefings which cover environmental issues such as waste management, air pollution, noise pollution, water pollution, and erosion and sediment control were conducted during kick-off meetings prior to sub-contractors starting work. 3R (Reduce, Reuse, Recycle) programmes were also held in compliance with ISO 14001: 2015
- Weekly SHE inspections at all project sites to comply with the Department of Environment and local authority requirements and DOSH
- Monthly environmental monitoring of noise, vibration, and ambient air and water quality at all project sites
- Monthly SHE Committee Meetings at all project sites and quarterly at the Headquarters
- Internal QSHE Audit at all project sites carried out based on schedule
- SHE Campaign involving top management
- Monthly SHE Corporate Meetings
- Annual Management Review Meeting

2. Training

Several series of training programmes on environmental awareness were organised throughout FY2022. The sessions which covered the following topics were aimed at continuously reminding all site staff and workers of the importance of environmental sustainability:

- Waste Management
- Erosion and Sediment Control
- Pollution on Environment (Air, Noise, Vibration, and Water)
- Flood Mitigation Control
- Environmental Aspect and Impact
- Life Cycle Perspective Table
- Environmental Regulations and Legislation
- Environmental Management Plan
- Scheduled Waste Management
- Sewage Management
- Sustainability Awareness

Environmental personnel are certified as competent to obtain certification as follows:

- Certified Environmental Professional in Scheduled Waste Management
- Certified Inspector of Sediment Erosion Control
- Certified Erosion and Sediment and Storm Water Inspector

In addition to the above, the QSHE department conducted numerous awareness training sessions for all personnel within the group to ensure that the objectives and policies with regard to environmental sustainability is understood and achieved.

The Group has also established key areas to be monitored such as air, water, energy and waste. It is through data collection and monitoring that the Group can achieve the set goals and objectives for its sustainability initiatives.

Sustainable Future

The Group has undertaken the following initiatives for purposes of achieving a sustainable future.

Sustainability Initiatives

Creating and Raising Awareness

The Group encourages a green mindset among its employees by their participation in sustainable office practices such as 3Rs - Reduce, Re-use and Recycle. Appropriate signages, posters and other means of communication were in place to inculcate awareness among the employees.

Other means of creating awareness include turning off the computers and other electrical appliances when not in use, pre-setting air condition temperatures at 24º Celsius at the common areas and in the offices and installation of LED fluorescent bulbs in open spaces. The Group also shared educational information and messages on environmental awareness during the Company's SHE meetings.

In addition, the Group is equipped with internationally recognized working standards, particularly in safety and health, to improve employee safety, reduce workplace risks and create better, safer working conditions. The integrated management system (IMS) complies with the various management system approaches such as ISO 14001, ISO 9001, and ISO 45001 and considers other International Standards such as the International Labour Organization's ("ILO") - Occupational Safety & Health Guidelines, various national standards and the ILO's international labour standards and conventions.

The Group's mission statement affirms that QSHE remains at the forefront of the Group's priorities, guiding the Group on how it should conduct its business and operations. In pursuing QSHE excellence, the Group's main subsidiary, TRC which is "ISO" (International Standards Organisation) certified drafted the QSHE Policies which has since been adopted by the Group. This policy is regularly reviewed to continuously strengthen and improve the QSHE performance.

Our commitment to the Environment

1 WASTE MANAGEMENT

Recycling boxes for each department at the headquarter's office

The Group is playing its role in reducing office waste and its burden on the environment. This includes implementing monthly schedules for waste collection such as electrical bulbs, used ink cartridges, and used batteries. In FY2022, the Group has collected 298 E-waste items. The Group continues liaising with licensed contractors to ensure all waste is disposed in an efficient and orderly manner according to the Environmental Quality Act (EQA) 1974. The Group's E-waste is handled by the appointed licensed contractor for disposal of certain type of waste such as biological and electronic waste.

The Group on-going commitment to the greening initiatives combined with its desire to provide sustainable and environmentally conducive and friendly services has created a culture within its own business to ensure that all waste including electrical products is reused, repaired, and recycled responsibly. This has helped prevent waste products from being accumulated in landfills.

The Group's continued commitment to improving awareness of the impact that its activities may have on the environment and the measures to control such impacts is encouraged through our environmental initiatives and principles in the forms of:

- Promote and maintain a positive environmental culture
- Manage our activities to eliminate or reduce any potential negative environmental impact
- Use planning and risk assessment to avoid and/or reduce environmental risk

The Group's recycling waste activities through collective collaboration and measures that are put in place across the business such as allocation of designated storage for its E-waste and Scheduled Waste Storage help nurtures good practice towards minimizing the impact of its operational activities on land-based ecosystems.

2 ELECTRIC AND WATER CONSUMPTION

Signage display for water saving reminder

FY2022, the Group spent RM181,083.87 and RM15,467.01 for the electricity and water consumption at the Head Office. There is an upward and downward trend in the usage of water and electricity compared to FY2021 usage at 31% and 27% respectively. The company has also promoted a good habit among the employees such as pre-setting the air conditioning to 24°C in common area. Besides, LED fluorescent bulbs are installed in open spaces and other measures as simple as turning off water taps after use.

3 PAPER CONSUMPTION AND DISPOSAL

Shredding machine for e-waste recycling

FY2022, the total paper consumption increased to 77% at 4,093.50 kg compared to previous year at 2,301.80 kg. As the Group's transition toward digitalization, the Group continuously looking for opportunity and innovative ways to reduce paper consumption and encourage good practice and habits at workplace such as re-using envelopes for internal usage, re-using the old files for newer documents and double-sided printing is also practiced.

4 ENVIRONMENTAL ACTIVITY (PLOGGING)

Plogging day

In showing commitment towards protecting and conserving the environment, the Group has conducted a communal activity in the form of plogging on 24th September 2022. The plogging activity was conducted in Taman Melawati area, an area which is close to the Group Head Office vicinity. A total of 27 employees participated in the event. The activity involves collection of wastes around Taman Melawati residential area. From the event, a total of 18.7 kg recyclable wastes and 34.5 kg disposable wastes were collected. All recyclable wastes were transferred to the Head Office recycle center, while the disposable wastes were disposed of at nearby MPAJ centralized rubbish bin.

5 PROJECT SITES' ENVIRONMENTAL SUSTAINABILITY DATA

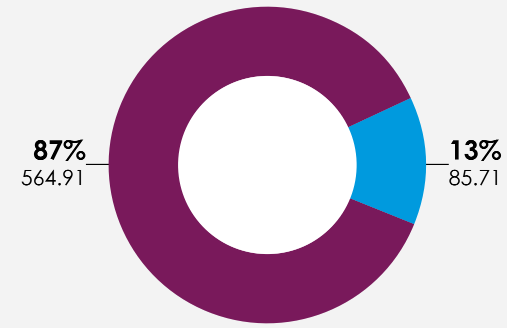
Two (2) project sites were selected to be the Group's pioneer projects in the sustainability initiative, such as reducing natural resources consumption and diverting wastes from landfills. The selected projects are construction of Depot, LRT3 TD2 and 8MD3. The data were compared for two financial years, 2021 and 2022.

Category			TD2		8MD3	
			2021	2022	2021	2022
Consumption of resources	Electricity (KwH)		99,315	60,776	326,936	545,389
	Water (M3)		3,620	5,031	12,768	13,018
	Diesel (L)		430,841	245,293	182,217	45,541
Wastes Generation	Disposed to Landfill (MT)		564.91	617.16	2,438.11	1,649
	Recovered/ Recycled	Scrap Metal (MT)	82.96	21.49	65.39	62.4
		Scheduled Wastes (MT)	2.75	3.67	1.37	1.37
		Paper (MT)	0	0.003	0.242	0.195

For consumption of the resources, TD2 project site has shown reductions in electricity and diesel of 38,539 KwH and 185,548 L respectively. However, there are increases of water usage by 1,411 m3. For 8MD3 project site, the reduction in resource consumption was recorded for diesel, which is 136,676 L, while there are increases in electricity and water consumption of 218,453 KwH and 250 m3 respectively. The fluctuation in resource consumption is due to the project's dynamic nature with different activities and progress.

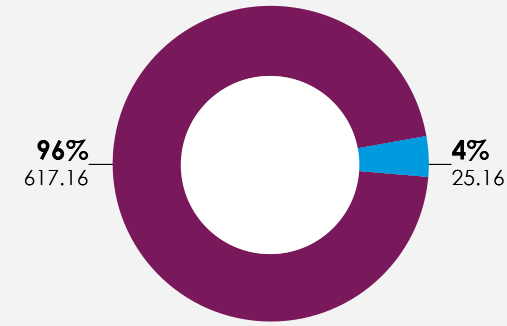
The total wastes generated in TD2 project sites for the years 2021 and 2022 are 650.62 MT and 642.32 MT respectively, while the total wastes generated in 8MD3 project sites for the years 2021 and 2022 are 2,505.11 MT and 1,712.97 MT respectively. From the total wastes generated, the total wastes directed to and diverted from landfill were recorded as shown in the pie chart below:

TD2 WASTES GENERATION



TD2 Wastes Generation in 2021 (MT)

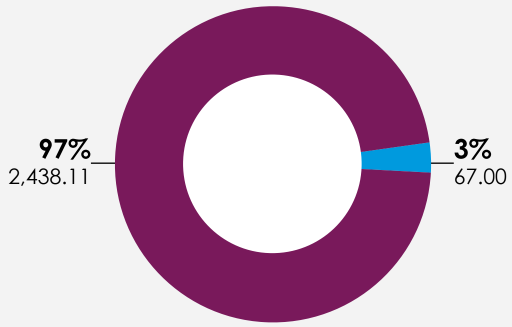
■ Directed to landfill ■ Diverted from landfill



TD2 Wastes Generation in 2022 (MT)

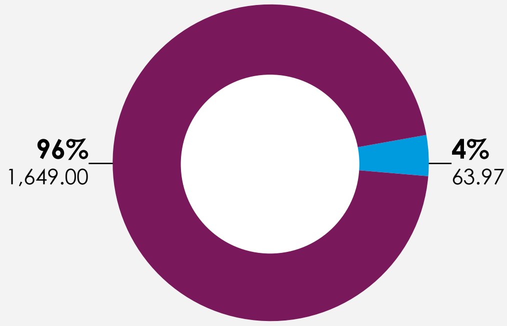
■ Directed to landfill ■ Diverted from landfill

8MD3 WASTES GENERATION



8MD3 Wastes Generation in 2021 (MT)

■ Directed to landfill ■ Diverted from landfill



8MD3 Wastes Generation in 2021 (MT)

■ Directed to landfill ■ Diverted from landfill

The composition of wastes diverted from landfills includes scrap metal, scheduled wastes and paper from office usage. There is a reduction of waste diverted from landfill in TD2 and 8MD3 which are 60.547 MT and 3.037 MT respectively.

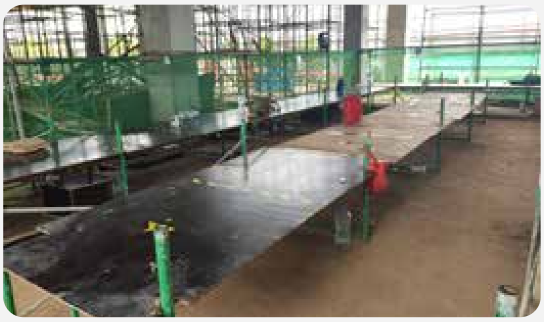
Despite the efforts to reduce waste generation and increase recycling, the Group are still struggling to achieve high diversion rates whereby the percentage of waste directed to landfill is higher than the percentage diverted from landfill. This is due to the large volumes of contaminated or mixed waste that cannot be easily sorted or processed for recycling. In these cases, the best option is to dispose of the waste in a landfill.

However, it is important to note that despite these challenges, the Group continues to strive towards achieving higher diversion rates. In order to demonstrate its commitment to reducing resource consumption and increasing waste diversion from landfills, the Group has initiated several initiatives that has been implemented on project sites such as:

a) Installation of water efficient product
b) Signage display for water saving reminder
c) Used of hacked concrete as check dam
d) Used of test cube block for construction of temporary structure
e) Used of timber materials and unused scaffold materials for seating facilities
f) Proper protection of construction materials to prevent damaged/wastage
g) Usage of system formwork to reduce wastage of plywood from conventional formwork
h) Usage of test cube block as walkway

Used of hacked concrete as check dam

Used of test cube block for construction of temporary structure



Used of timber materials and unused scaffold materials for seating facilities

Proper protection of construction materials to prevent damaged/wastage

Usage of system formwork to reduce wastage of plywood from conventional formwork

Usage of test cube block as walkway

All of the sustainability initiatives implemented at project sites has shown the Group's dedication to the global sustainability policy. Moving forward, the data collection will be expanded to other projects under the Group for further comprehensive details of the Group's sustainability performance.

6 SOLAR PHOTOVOLTAIC SYSTEM

Solar panels at the headquarter's building

The Group's commitment to improving the environmental efficiency extends across the businesses. Following the Company's directive to switch to renewable energy sources of power, and after installation of the solar photovoltaic system at the Head Office in April 2022, the company has successfully generated approximately 60,871.20 kWh over the five-months' period. This amounts to renewable electricity energy equivalent to approximately RM31,599.92..

FY2022, 17% of the Group's total electricity consumption was generated from renewable energy tariffs.

The Group is aware of the impact its activities may have on the environment and they continue striving for ways to improve through various workable and consumable initiatives in order to make a positive ecological impact at all the locations where we operate.

7 OPERATIONAL ECO-EFFICIENCY

The Group recognizes the importance of being actively engaged in tackling the challenges facing its environment. The Group supports its approaches on the environment and they are taking initiatives to promote greater environment responsibly throughout its organization.

The Group is committed to further aligning themselves in seeking ways to be more efficient in the way that they work and investing in solutions that lower carbon impact, emissions, and resource use. The Group conducts its business in a way that considers the environment and aims to keep any negative impact to a minimum and put in place procedures to protect biodiversity and the ecosystems they work on. In this regard, the Group has established its internal workgroup to progress in this and the Group is focused on engaging with all parties involved to work together on reducing the contribution of emissions from its projects and activities.

The Group's QSHE policy emphasizes and focuses on ensuring regulatory compliance and improve our environment performance via practices designed to reduce waste, energy consumptions and emissions.

The summary table below represents a range of key indicators associated with the headquarter office's sustainability.

Details	FY2021	FY2022
Paper Consumption (kg)	2,301.80	4,093.50
Paper recycled (kg)	876.00	918.00
Electricity Consumption (RM)	138,657.02	181,083.87
Electricity Consumption (kWh)	292,682,00	348,708.00
Solar Consumption (kWh)	-	60,871.20
Water Consumption (RM)	12,192.70	15,467.01
Water Consumption (m3)	5,216.00	6,459.00
E-Waste Collection (items)	337	298

Element Melbourne Richmond Hotel ("the Hotel")

In FY2021, the Hotel had this unique privilege to be a part of the Hotel Quarantine Program, run by the Victorian Government and the Hotel was also chosen as the only one in state of Victoria to provide Complex Care Facility. Interesting to note, one of the reasons the Hotel was chosen to provide the Complex Care Facility is due to its approach towards running an environmentally friendly operation.

Despite the cessation of the hotel quarantine program on December 2021, the Hotel continuously prides itself in maintaining its eco-conscious touch points throughout the property and also in ensuring sustainable elements are available for guests to enjoy. The Hotel has an additional sustainable element whereby the guests can enjoy the option of contactless check in. Moving forward, the Hotel will soon introduce the QR Code Food and Beverage ordering system.

Cybersecurity

The privacy and security of the Group's internal and external stakeholders is central to its reputation and the trust that the Group engenders as an organization. The Group is cognizant of the increasing frequency and sophistication of cybersecurity incidents directed at companies in various industries.

To address the risk, the Information and Communications Technology ("ICT") Department is committed to ensuring compliance with ethical business conduct as well as ethical and responsible data privacy with cyber security management, apart from providing a secure working environment. This is achieved by:

a) Utilizing up-to-date technologies and tools to protect information, including multifactor authentication, firewalls, intrusion detection and prevention systems
b) Providing awareness training for employees on data privacy and cybersecurity covering a broad range of security topics, including password protection, social engineering and compliance.
c) Implementing incident response measures and procedures to ensure timely and accurate resolution of computer security incidences.
d) Conducting a briefing for the Audit and Risk Management Committee on Cyber Risk Report of the Group
e) Implementing Computer Usage Policy as guidance to create a safe computer environment within the Group

The sustainability of the Group's business is dependent on stakeholders' trust and its ability to maintain a secure and confidential environment. Therefore, the Group will continuously work to improve its Cybersecurity control measures through investments in both IT infrastructure and employee awareness programs.

ECONOMIC SUSTAINABILITY

Economic sustainability is vital in order to generate long-term economic value for the Group's stakeholders and contribute to the development of the Malaysian economy.

In light of the above, the Group realises that good corporate governance, sound track record and strong business sustenance and growth are crucial for economic sustainability.

Corporate Governance

The Group is committed towards achieving excellence in corporate governance. It endeavours to ensure that the highest standards of corporate governance are practised throughout the Group as a fundamental part of discharging its responsibilities to create, protect and enhance shareholders' value. Hence, the Group fully supports the principles and best practices promulgated in the Code, the MMLR issued by Bursa Malaysia Securities Berhad, and other prevailing rules and regulations to enhance business prosperity and maximize shareholders' value.

The Group understands its duty as a publicly listed entity to disclose accurate and timely information to its shareholders and other stakeholders. In addition to timely announcements to Bursa Malaysia and the Group's website, the Group is also committed to good corporate governance practices, with our pursuits guided by ethical foundations and responsible interactions with stakeholders. The Group has established a Board Charter, Code of Conduct, Boardroom Policy, Sustainability Policy, Anti-Bribery and Corruption Policy and Whistleblowing Policy and Procedures which are published on the Company's website at www.trc.com.my and are regularly reviewed and updated by the relevant Board committees. Similar with previous year, the Group is pleased to report that there is no confirmed incidents of corruption and action taken.

The Group's corporate governance practice is reported under Corporate Governance Overview Statement of this Annual Report which is to be read together with the Company's 2022 Corporate Governance Report.

The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in the Code to the best interests of the Company and its shareholders.

Track record and Reputation

The Group recognises that the successful implementation of works either with regard to its construction business or its property development activities will have a huge economic impact on its clients, shareholders and other stakeholders. Therefore, the Board will ensure that all works undertaken by the Group are completed on time with the highest standard of quality in consonance with the expectations of clients. Project executions would be subject to the Quality Management System in accordance with ISO 9001: 2015.

The Group will also strive to promote:

- Increased value for money to industry clients as well as environmental responsibility in the delivery process.
- The viability and competitiveness of domestic construction enterprises; and
- Optimization of the role of all participants and stakeholders through process, technological and institutional enhancements and human resource development.

As part of the Group's sustainable development initiative, the Group ensures most of its development projects conform to QLASSIC (Quality Assessment System In Construction – CIS7). One of the recently assessed development project is PERLA which has obtained QLASSIC Score of 74% (assessed by CREAM on December 2022).

The Group's commitment to high quality standard of its works is also evidenced by the honour extended to its construction arm in October 2019 by the CIDB. The Group's main subsidiary, TRC was the recipient of the Malaysian Construction Industry Excellence Award 2019 for the Best Project (Infrastructure) Category for the MRT Depot in Sungai Buloh.

To equip itself with internationally recognised working standards, the Group has since 2002 embarked on ISO certifications. In 2019 the Group was accredited with ISO 45001 (Safety and Health Standard) and ISO 14001 (Environmental Standard). Moving forward, the Group has embarked upon and initiated the necessary processes for ISO/IEC 17025 General Requirements for the Competence of Testing and Calibration Laboratories.

In addition, the Group voluntarily participated in the Safety And Health Assessment System in Construction assessment carried out for project 8MD3 (Received a 4 Star rating - Very good Occupational Safety and Health ("OSH") management system planned and implemented with evidence of good commitment from top management to manage OSH at all times) and PPAM (Received a 5 Star rating – Excellent OSH management system planned and implemented with proactive commitment from top management to manage OSH at all times) last year. This was a voluntary safety and health assessment program carried out by CIDB to rate the level of safety and health compliance at the Group's projects.

The Group has also participated in the Malaysia Society for OSH assessment and was conferred the GOLD CLASS 2 (Very Good OSH performance) award, highest being Platinum (Ultimate OSH Performance), for FY2021. This was to gauge the Group's performance in comparison with industry practices.

Business Sustenance and Growth

The Group and its stakeholders both agree that economic sustainability is the most important material sustainability matters. The Group believes adequate financial strength of an organization allows it to resolve all other materiality issues with precision, ease and without any financial hindrances.

During FY2022, the Group's key focus remained preserving its capability to generate value for all of its stakeholders. Therefore, the Group's focuses strongly on the business sustenance and growth for the creation of economic values for stakeholders.

However, the Group is undeniably facing challenges with regards to the external environment of construction sector in Malaysia, which is currently marked by heightened uncertainty with fluctuating cost of building materials, protracted economic impact from the Covid-19 pandemic and acute labor shortage. In facing the challenges, the Group has adopted various cost optimization measures and prudent stance of conserving healthy cash flow to ensure its continuous commitment to economic sustainability.

The Group's economic performance is directly proportional to project progress and hence, the Group encourages forward planning to manage its risks, develop appropriate mitigation measures and create clear and reasonable goals. The Group's financial performance for FY2022 is disclosed and further explained in the Management Discussion and Analysis in this Annual Report.

Going forward, the Group believes that property development and construction underpin the progress of society and are always high on the government agenda. The Group is expected to rebound in following the reopening of the economy underpinned by stronger domestic demand and improving labor market.

MOVING FORWARD

As the Group progressed in its sustainability journey, the Group continued with efforts to manage its business in a balanced and responsible way. The Group has always wanted to break away from the tactics of rhetoric and act with determination. Sustainability is not only feasible in principle but is also possible in practice; in fact it is the most logical thing to do, like living a holistic life. Therefore, the Group is committed to work together with each of its stakeholders to achieve company business goals and contribute positively to the environment, economy and social system we live in.

CORPORATE STRUCTURE

TRC SYNERGY BERHAD
199601040839 (413192-D)

- 100% **TRANS RESOURCES CORPORATION SDN BHD** 198401007746 (120265-P)
  - 100% **TRC NIAGA SDN BHD** 198601002256 (151401-V)
  - 90% **TRC (B) SDN BHD** (RC/00008574)
  - 70% **TRANS HANDAN BRIDGE SDN BHD** 201701047775 (1261951-T)
  - 51% **ETPJV SDN BHD** 201601029333 (1200274-H)
  - 30% **HEXIDE ENGINEERING SERVICES SDN BHD** 200301035518 (637939-H)
- 100% **TRC LAND SDN BHD** 199701028663 (444162-W)
  - 100% **TRC DEVELOPMENT SDN BHD** 199401023567 (309248-U)
  - 100% **TRC LAND (CAMBODIA) LIMITED** (6234/09E)
    - 34% **DELTA GARDEN LIMITED** (11524/08P)
- 100% **TRC (AUST) PTY LTD** (ACN137500611)
  - 100% **TRC (AUST) HOTEL PTY LTD** (ACN 629339466)
- 100% **ADS PROJEK SDN BHD** 201201037346 (1021828-M)
- 100% **TRC ENERGY SDN BHD** 200301014028 (616448-K)
- 100% **ADS SENTRAL SDN BHD** 200401006674 (645178-P)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tun Jeanne Binti Abdullah
Chairman
Independent Non-Executive Director

Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin
Managing Director

Dato' Abdul Aziz Bin Mohamad
Deputy Group Managing Director

Dato' Richard Khoo Teng San
Executive Director

Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin
Independent Non-Executive Director

Dato' Ir. Abdullah Bin Abd Rahman
Independent Non-Executive Director

Dato' Sr. Abdull Manaf Bin Hj Hashim
Independent Non-Executive Director

Fadzilah Binti Mohd Salleh
Independent Non-Executive Director

Siti Sarlina Binti Abdul Rahman
Alternate Director to
Dato' Abdul Aziz Bin Mohamad

COMPANY SECRETARY

Abdul Aziz Bin Mohamed
(LS0007370)

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

TRC Business Centre, Jalan Andaman Utama
68000 Ampang, Selangor
Tel.: 603-41038000 / Fax: 603-41080104
E-mail: info@trc.com.my *(for general info and inquiries)*
alert@trc.com.my *(for whistleblowers)*

BRANCH OFFICE

3rd Floor, Lot 3627, Lorong Rock 2, 93200 Kuching, Sarawak
Tel.: 082-231906 Fax: 082-231853

AUDITOR

Mazars PLT (AF-001954)
Wisma Golden Eagle Realty, 11th Floor, South Block, 142-A
Jalan Ampang, 50450 Kuala Lumpur
Tel.: 603-27025222

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel.: 603-26924271 Fax: 603-27325388 & 603-27325399

PRINCIPAL BANKERS

RHB Bank Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad
AmBank (M) Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad
Affin Bank Berhad
Hong Leong Bank Berhad
Bangkok Bank Berhad
Kuwait Finance House (Malaysia) Berhad
OCBC Bank (M) Berhad
Alliance Bank Malaysia Bhd

SOLICITORS

Messrs Noorzilan & Partners
Messrs C.C. Choo, Hazila & Teong
Messrs Zain Megat & Murad
Messrs Jeff Leong, Poon & Wong
Messrs Adam Bachek & Associates

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (Construction)
Stock No. 5054

WEBSITE

www.trc.com.my

PROFILES OF DIRECTORS

1. **Tun Jeanne Binti Abdullah**
   Chairman, Independent Non-Executive Director
2. **Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin**
   Managing Director
3. **Dato' Abdul Aziz Bin Mohamad**
   Deputy Group Managing Director
4. **Dato' Richard Khoo Teng San**
   Executive Director
5. **Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin**
   Independent Non-Executive Director
6. **Dato' Ir. Abdullah Bin Abd Rahman**
   Independent Non-Executive Director
7. **Dato' Sr. Abdull Manaf Bin Hj Hashim**
   Independent Non-Executive Director
8. **Fadzilah Binti Mohd Salleh**
   Independent Non-Executive Director
9. **Siti Sarlina Binti Abdul Rahman**
   Alternate Director to Dato' Abdul Aziz Bin Mohamad

TUN JEANNE BINTI ABDULLAH
Chairman, Independent Non-Executive Director
Malaysian / Female / Age 70

Tun Jeanne Binti Abdullah was appointed as a Director of the Company on 1st December 2017. She was then re-designated as Chairman of the Company on 27th February 2018. The Honourable Tun Jeanne is the wife of the Former Prime Minister of Malaysia, Tun Abdullah Ahmad Badawi.

Tun Jeanne is the Chancellor of the Open University Malaysia as well as the Chairman of Landscape Malaysia and Tropical Rainforest Conservation and Research Centre, the Executive Chairman of Sekretariat Malaysia Prihatin, and Patron of the Malaysian Paralympic Council.

She received an honourary degree in Sustainability Science from Universiti Malaysia Kelantan and another honourary degree from the University of Nottingham for her outstanding advocacy for conservation. She is also the patron of the Sustainability Committee.

During the financial year ended 31st December 2022, Tun Jeanne attended all four (4) Board of Directors Meetings held during the year.

TAN SRI DATO' SRI SUFRI BIN HJ MOHD ZIN
Managing Director
Malaysian / Male / Age 67

Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin is the founder of the TRC Group of Companies. He was appointed as the Managing Director of TRC Synergy Berhad on 29 March 2002. He held the position of Executive Chairman of the Company before being re-designated as Managing Director. He is also the Managing Director of the Group's subsidiary Companies.

Tan Sri Sufri graduated from the MARA Institute of Technology in 1982 with a Diploma in Business Studies. He began his career with Standard Chartered Bank before joining Bank Bumiputera Malaysia Berhad in 1982 as an International Banking Division Officer. He then went on to pursue a Bachelor's Degree in Jurisprudence at University of Malaya (UM) and he has since obtained a Master's Degree in Business Law and National University of Malaysia (UKM) in 2014.

In August 2009, Tan Sri Sufri was selected as a winner of the Outstanding Entrepreneurship Award organised by Enterprise Asia. He achieved a great personal milestone when he was honoured as CEO of the Year by the Construction Industry Development Board (CIDB) that same year. CIDB also named him as Winner of Contractor of the Year at their Malaysian Construction Industry Excellence Awards 2011.

Tan Sri Sufri has been actively involved as a Council Member of the Master Builders Association Malaysia (MBAM) since 2004. Since 2022, Tan Sri Sufri is the Immediate Past President of MBAM, a Board Member of the International Federation of Asian & Western Pacific Contractors' Associations (IFAWPCA), the Chairman of the Finance Committee, IFAWPCA, the Chairman of Awards & Constitution Committee, a Board Member of the MBAM Education Fund Board of Management and Board Advisory of CLAB. He was elected as the President of MBAM for the period of 2020 to 2022. Throughout his involvement in MBAM, he was the Chairman of the International Affairs Committee, the Chairman of the Education and Special Institutions Committee, the ASEAN Constructors' Federation (ACF) Council Member and a Director of MBAM Onebuild Sdn Bhd. Tan Sri Sufri also represented MBAM as the Board of Director in the Construction Industry Development Board Malaysia (CIDB) and Construction Labour Exchange Berhad (CLAB) from 2020 to 2022 during his presidential term. During this time, he became PEMUDAH Member for Private Sector and The Special Task Force to Facilitate Business. Additionally, he is the Corporate Advisor of Persatuan Kontraktor Infrastruktur & Pengurusan Fasiliti Bumiputera (PKIPFB).

Tan Sri Sufri was appointed as the Industry Panel Advisor to the Polytechnic Civil Engineering Technology degree programme by the Ministry of Higher Education in March 2017. Since 2017, he became the CEO Faculty at the Polytechnic Education Department and Community College. From 2018, he serves as the Chairman of Industry Advisory Council (IAC) under the nomination of Polytechnic Ungku Umar, Ipoh.

Presently, he is a Trustee of Yayasan TRC and Whistleblowing Committee. He is also a Trustee of World Islamic Economic Forum Foundation (WiEF).

He is also a member of the Road Engineering Association of Asia and Australia (REAAA) and the Corporate Advisor to Persatuan Kontraktor Melayu Malaysia (PKMM) (Federal Territory Branch).

During the Financial Year ended 31st December 222, he attended all four (4) Board of Directors Meetings.

DATO' ABDUL AZIZ BIN MOHAMAD
Deputy Group Managing Director
Malaysian / Male / Age 64

Dato' Abdul Aziz Bin Mohamad was appointed as an Executive Director of the Company on 29th March 2002. He was then re-designated as Deputy Group Managing Director of the Company on 15th June 2021. He started his career in Trans Resources Corporation Sdn Bhd, a subsidiary of the TRC Group, in 1994 when he was designated as a Senior Contracts Executive prior to becoming the Chief Executive Officer in 2009 until 2019.

Dato' Abdul Aziz received his early education at the Malay College Kuala Kangsar and later furthered his studies in England where he graduated from Trent Polytechnic, Nottingham in 1983. He is a Quantity Surveyor by profession and is a member of the Institution of Surveyors Malaysia. His career began in 1982 with the position of Assistant Quantity Surveyor at Rider Hunt & Partners, England. He later joined Jabatan Kerja Raya Kuala Lumpur in 1983 as a Quantity Surveyor where he administered the contractual aspects of projects under their purview before going on to make his contribution towards TRC's success.

He is a Member of the Sustainability Committee and a member of the Board of Trustees of Yayasan Ulul Albab and Yayasan TRC.

Dato' Abdul Aziz attended all four (4) Board of Directors Meetings held during the financial year ended 31st December 2022.

DATO' RICHARD KHOO TENG SAN
Executive Director
Malaysian / Male / Age 58

Dato' Richard Khoo Teng San was appointed as a Director of the Company on 25th February 2020. He has been with TRC Group since 1991 when he joined the Group as a Project Coordinator on 13th December 1991. In 2009 Dato Richard was appointed as Chief Operating Officer of Trans Resources Corporation Sdn Bhd, a subsidiary of the TRC Group.

Prior to joining TRC Group, he started his career in 1989 when he joined W.A. Fairhurst & Partners Limited, United Kingdom as a Design Engineer for the years 1989 to 1991.

Throughout his career in TRC Group, he assumed important positions such as Project Coordinator, Region Manager (East Malaysia), and Chief Project Coordinator for various mega projects undertaken by the Group.

He graduated with a Bachelor of Engineering (Civil Engineering) from the University of Strathclyde, United Kingdom in 1989.

Dato' Richard Khoo Teng San attended all four (4) Board of Directors Meetings held during the financial year ended 31st December 2022.

TAN SRI DR. AHMAD KAMARULZAMAN AHMAD BADARUDDIN
Independent Non-Executive Director
Malaysian / Male / Age 64

Tan Sri Dr Ahmad Kamarulzaman was appointed as a Director of the Company on 25th April 2019. Currently he is the chairman of the Audit and Risk Management Committee.

He graduated from the University of Strathclyde Business School, Scotland in 1999 with a Master Business Administration. He also obtained a Master of Arts in Defense Studies and International Relations from the Universiti Kebangsaan Malaysia in 2003. He also completed the Executive Program in Business Management at Kenan-Flagler Business School, University of North Carolina, USA. He is a Distinguished Graduate of the Fu Hshing Kang College, Republic of China in Political Warfare as well as the US Naval War College, Newport, Rhode Island.

Tan Sri Dr Ahmad Kamarulzaman also completed the Advanced Management Program at Harvard Business School, Harvard University, Boston USA in 2019.

He has served King and country for 42 years and has held numerous positions in the Navy and Joint Services including that of the Chief of Staff of the Malaysian Armed Forces Headquarters and the Joint Force Commander of the Malaysian Armed Forces. He achieved a peak in his career as he assumed command of the 16th Royal Malaysian Navy Chief on 18th November 2015 before he effectively retired on 30th March 2019.

He attended four (4) Board of Directors Meetings held during the financial year ended 31st December 2022.

DATO' Ir. ABDULLAH BIN ABD RAHMAN
Independent Non-Executive Director
Malaysian / Male / Age 68

Dato' Ir. Abdullah Bin Abd Rahman was appointed as an Independent and Non-Executive Director on 1st June 2018. Currently he is the chairman of the Nominating and Remuneration Committee and a member of the Audit and Risk Management Committee.

He graduated from the University of Wales, Cardiff, United Kingdom with a Degree in Civil & Structural Engineering and has gone on to qualify as a Certified Professional Engineer registered with the Malaysian Board of Engineers in 2006.

He began his career with the Malaysian Public Works Department as a Project Engineer in 1979. His illustrious 37-year career there saw him involved at different stages in various projects implemented by the Department from being a Section Head, Resident Engineer, District Engineer, Deputy Director to then being a Director for the Department in several states. He retired from the Public Works Department in 2015 and his last position there was Director at the Road Facility Maintenance Branch.

Dato' Ir. Abdullah has many accolades and awards to his name due to his distinguished service at the Public Works Department and these include state- and national-level awards. He is currently serving his third two-year term as Vice President of the Malaysian Asset and Project Management Association (MAPMA).

During the financial year ended 31st December 2022, he attended all four (4) Board of Directors Meetings held.

DATO' Sr. ABDULL MANAF BIN HJ HASHIM
Independent Non-Executive Director
Malaysian / Male / Age 68

Dato' Sr. Abdull Manaf Bin Hj Hashim was appointed as a Director of the Company on 1st April 2021. Currently he is the Chairman of the Whistleblowing Committee and a member of the Nominating and Remuneration Committee.

He is a qualified Consultant Quantity Surveyor by profession with a Bachelor's Degree in Quantity Surveying from the University of Technology Malaysia. He has more than 38 years of professional experience in Quantity Surveying and Contract Management. He started his career in Jabatan Kerja Raya Malaysia (JKR) and moved up the ranks. His last position was Deputy Director General of JKR Malaysia from 2012 to 2016. He has also served as a Director in the Quantity Surveyor Division of the Drainage & Irrigation Department Malaysia (DID) from 2001 to 2004.

Dato' Sr. Abdull Manaf held several positions in professional bodies. He was the President of the Board of Quantity Surveyors Malaysia (BQSM) from 2006 to 2017. He was the President of The Royal Institute Surveyors Malaysia (RISM) in 2012 and is still a Fellow of RISM since 2006.

Dato' Sr. Abdull Manaf was bestowed the Kesatria Mangku Negara (2007) and Darjah Indera Mahkota Pahang (2006). He has received numerous awards and recognitions such as Tokoh Alumni Universiti Teknologi Malaysia (2009).

During the financial year ended 31st December 2022, he attended all four (4) Board of Directors Meetings held.

FADZILAH BINTI MOHD SALLEH
Independent Non-Executive Director
Malaysian / Female / Age 51

Fadzilah Binti Mohd Salleh was appointed as an Independent and Non-Executive Director on 1st June 2018. Currently she is the Chairman of the Sustainability Committee. She is also a member of the Nominating and Remuneration Committee and the Audit and Risk Management Committee.

She received an early education from Sekolah Seri Puteri Kuala Lumpur and has graduated from the International Islamic University, Malaysia in 1996 with a Bachelor of Accounting (Hons). She is also a member of the Malaysian Institute of Accountants.

She began her career with Kumpulan Naga where she was involved in audit, accounting, taxation, and company secretarial work amongst other business advisory work. She has more than 15 years of experience in audit firms starting from the internship and assistant levels until the managerial level before going on to operate her own practice, FMSalleh & Co (Chartered Accountants). She is also a managing partner of Fadzilah&Co, a financial management firm.

She attended all four (4) Board of Directors Meetings held during the financial year ended 31st December 2022.

SITI SARLINA BINTI ABDUL RAHMAN
Alternate Director to Dato' Abdul Aziz Bin Mohamad
Malaysian / Female / Age 53

Siti Sarlina Binti Abdul Rahman is currently a Chief Executive Officer ("CEO") of Trans Resources Corporation Sdn Bhd, a construction arm to TRC Synergy Berhad. She is also a CEO of Yayasan TRC a philanthropic arm to the Group. She was appointed as the Alternate Director to Dato' Abdul Aziz Bin Mohamad on 28th November 2016. She is currently a member of the Sustainability Committee.

She joined the Group as a Quality Assurance Manager in 2002 and since 2005, she has been directly involved in various projects undertaken by the Group and has assumed key positions such as Project Head and General Manager.

Her career began in an IT company in 1994 where she was a Sales Engineer. She then moved to Airod Sdn Bhd as a Planning Engineer in 1995. She joined Pesaka Gammon in 1996 as a Site Planning and Quality Control Engineer. In 1997, she worked as a Quality Assurance Engineer at Putra Perdana Construction Sdn Bhd until 2002.

She holds an American Associate Degree in Applied Science from Kolej Persediaan Pengajian Mara, Subang Jaya and a degree in Aerospace Engineering from the State University of New York at Buffalo, New York, United States. She also holds a Master's Degree in Human Resource Management from Open University Malaysia.

Notes:

Save as disclosed above,

1. *None of the Directors have:*
   - *any family relationship with any director and/or major shareholder of the Company;*
   - *any conflict of interest with the Company; and*
   - *any conviction for offences (other than traffic offences) within the past five (5) years.*
2. *Save and except for Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin who is also a Director of T7 Global Berhad and Chairman of Lagenda Properties Berhad, none of the Directors hold a directorship in other public companies and listed issuers.*

PROFILE OF KEY SENIOR MANAGEMENT

SITI SARLINA BINTI ABDUL RAHMAN
Chief Executive Officer
Malaysian / Female / Age 53

Siti Sarlina Binti Abdul Rahman was a Deputy Chief Executive Officer from 1st July 2015 before being redesignated as Chief Executive Officer of Trans Resources Corporation Sdn Bhd. She was appointed as the Alternate Director to Dato' Abdul Aziz Bin Mohamad on 28th November 2016.

She joined the Company as Quality Assurance Manager in 2002 and tasked to set up and implement the Company's Quality Management System and assumed the role of Internal Lead Quality Auditor for the company from 2002 to 2005.

Since 2005, she has been directly involved as Project Head for various major projects undertaken by the Group. She also assumed other key positions in the company, as General Manager overseeing several support departments such as Administration, Human Resources and Quality, Safety, Health and Environmental (QSHE).

She started her career with an IT company in 1994 and then moved to Airod Sdn Bhd as a Planning Engineer in 1995 mostly for the maintenance of USAF C130 fleet. She then joined Pesaka Gammon in 1996 as a Site Planning and QC Engineer. This was when her career in the construction industry started. In 1997, she worked as a QA Engineer at Putra Perdana Construction Sdn Bhd and was based on site in Putrajaya until 2002. There she was involved in the construction and completion of several roadworks and government buildings in the then new Putrajaya township.

She holds an American Associate Degree in Applied Science from Kolej Persediaan Pengajian Mara, Subang Jaya and a graduate of the State University of New York at Buffalo, New York, United States with a degree in Aerospace Engineering. She also holds a Master's Degree in Human Resource Management from Open University Malaysia (OUM).

Ir. TAN KHOON KIAN
Deputy Chief Operating Officer
Malaysian / Male / Age 60

Tan Khoon Kian was appointed as a Construction and Planning Manager on 1st July 1996 and his position was re-designated as Project Coordinator in 2001. He was then appointed as Chief Project Coordinator in 2011 and subsequently promoted to Deputy Chief Operating Officer in 2015, a position he holds to this day.

Upon graduation, he started his career as a Junior Engineer in Gibb Australia Pty Ltd before becoming a Civil Engineer at PS Consultant and later at Building Consultants as a Structural & Civil Design Engineer. He then re-joined PS Consultant to become an Assistant Resident Engineer and later promoted to Resident Engineer. His last position before joining the Group was as a Planning Monitoring Manager with Hock Seng Lee Berhad.

He graduated from the University of Adelaide, Australia in April 1987 with a Bachelor of Engineering (Civil) and he also holds a Master of Business Administration (MBA) from Herriot-Watt University, Edinburgh, Scotland, graduating in July 1998.

He is currently a Professional Engineer with Practising Certificate (PEPC) of the Board of Engineers, Malaysia and a Corporate Member of the Institution of Engineers, Malaysia.

HOO YEN TONG
Deputy Chief Operating Officer
Malaysian / Male / Age 58

Hoo Yen Tong was appointed as a General Manager (Construction) on 1st September 2015. In July 2022, he has been promoted to a Deputy Chief Operating Officer. He joined the Group as a Project Engineer in 2001. He has since been directly involved in various projects undertaken by the Group and has assumed key positions such as Project Manager, Project Coordinator and Project Director.

He graduated from the Oklahoma State University with a Bachelor of Science in Civil Engineering. He also holds an Engineer-in-Training Certificate from U.S.A.

He started his career as Civil Engineer at Berger, Lehman Associates, P.C. (U.S.A) in 1988 until 1992 which was involved in the designing of major infrastructures packages within the Tristate area namely state of New York, New Jersey and Connecticut.

He then pursued his career in Malaysia as an Assistant Resident Engineer at Berakah Jurutera Perunding Sdn Bhd in 1993 and subsequently joined Engineering & Environmental Consultants Sdn Bhd in 1997 (KLIA project).

Since joining the group in 2001, he has started working as a project engineer involved in various major Infrastructure, government quarters and residential projects in Putrajaya and also other projects within the Klang Valley. He was subsequently tasked to lead on execution & completion of major infrastructure projects for MRT Line 1 (Sg Buloh Depot, S1 stations, and Pasar Seni Paid Link) and recently just completed MRT2 projects (Serdang Depot,S208 stations). He currently is leading the ongoing LRT3 and Prasarana HQ projects.

Ts. MAHATHIR BIN MOKHTAR
Senior General Manager (Contracts)
Malaysian / Male / Age 47

Ts. Mahathir Bin Mokhtar started his career in 1999 with Perunding Unikon, the Quantity Surveyor and Project Consultant firm as a Quantity Surveyor and after 1 year he joined Trans Resources Corporation Sdn Bhd (TRC) in November 2000 as a Project Quantity Surveyor. In January 2023, he has been promoted to a Senior General Manager (Contracts) and he is responsible to lead the company's end-to-end tender exercise and drive the post contract management activities. He is also overseeing the process and maintaining of company's registrations particularly with CIDB, PKK and MOF.

He graduated from Universiti Teknologi MARA (UiTM) with a Diploma in Quantity Surveying and pursued a Bachelor of Quantity Surveying (Hons) from the same university. He is currently a certified Professional Technologists and registered with Malaysia Board of Technologists (MBOT).

Over the last 22 years with the Company, Mahathir was instrumental in delivering successful construction projects in various categories such as roads and bridges, prison and security complexes, commercial development and buildings for higher institution clientele. His well-established experience and strong credibility have brought further achievements in specialist project categories such as roads and bridges in Putrajaya, Prison in Bentong, Pahang, Universiti Kuala Lumpur (UniKL) in Pasir Gudang, Johor, and airport runway extension projects in Kuala Terengganu, Terengganu and Kota Bharu, Kelantan. Since 2011, Mahathir has also involved in rail and metro transit infrastructure construction of viaduct guideways, stations and depots for LRT2, LRT3, MRT1 and MRT2.

DATO' LEONG KAM HENG
Director/Chief Operating Officer
TRC (Aust) Pty Ltd
Malaysian / Male / Age 68

Dato' Leong Kam Heng graduated from Monash University, Melbourne, Australia with an Honours Degree in Civil Engineering in 1979. Upon returning to Malaysia in 1980, he joined the Public Works Department ("PWD") as a Building Engineer. In 1984, he resigned from the PWD and ventured out into the building and construction industry.

He joined TRC Synergy Berhad in January 2009 as the Head of Corporate and International Investment. He is also the Director as well as the Chief Operating Officer of TRC (Aust) Pty Ltd, a wholly-owned subsidiary of TRC Synergy Berhad which is based and operating in Melbourne, Australia.

NASARUDDIN BIN MAHMUD
General Manager (Development)
Malaysian / Male / Age 59

Nasaruddin Bin Mahmud was appointed as a General Manager (Development) on 1st September 2016. He joined the group as a Senior Engineer in 2008. He has since been directly and actively involved in various residential and commercial development projects undertaken by the Group.

Prior to joining the Group, he was the Head of Project Implementation at Peremba Jaya Holdings Sdn Bhd where he was involved in the development of the government quarters in Putrajaya.

He graduated from the University of Wyoming, USA with a degree in Chemical Engineering in 1986.

ABDUL AZIZ BIN MOHAMED
(LS0007370)
General Manager
(Company Secretary)
Malaysian / Male / Age 52

Abdul Aziz bin Mohamed joined the Group as Company Secretary in April 2002 and has since held that position. Prior to contributing his services to the Group, his career began in 1996 during which he was reading in the chambers of Messrs Hisham, Sobri & Kadir (Advocates & Solicitors). He then pursued a corporate career path whereby he worked as a Legal Executive at Johore Tenggara Oil Palm Berhad from 1996 until 1999 when he was appointed as Company Secretary/Legal Officer. From 2001 to 2002, he acted as Company Secretary at Halim Mazmin Berhad.

He graduated with a Bachelor of Laws (Minor in Syariah) from the International Islamic University Malaysia in 1995. He is also a Licensed Secretary under Section 235 of the Companies Act 2016 (LS0007370).

LEE GAIK SIEW
General Manager (Accounts)
Malaysian / Female / Age 54

Lee Gaik Siew began her career with the Group in year 1999 as an accountant and she was re-designated as Deputy General Manager (Group Accounts) in year 2013. She is now the General Manager (Accounts) of the Group.

She holds a professional qualification from the Association of Chartered Certified Accountants (ACCA). She is an associate member of ACCA and a member of the Malaysian Institute of Accountants. She started her career in an accountancy firm and her last position before joining the Group was Assistant Audit Manager.

Additional Information
Save as disclosed above,
1. *None of the Key Senior Management have:*
    - *any family relationship with any director and/or major shareholder of the Company;*
    - *any conflict of interest with the Company; and*
    - *any directorship in other public companies and listed issuers.*
2. *None of the Key Senior Management have been convicted of any offences (other than traffic offences) within the past five (5) years and there were no public sanctions and/or penalties imposed upon them by the relevant regulatory bodies during the financial year.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of TRC Synergy Berhad ("the Company") ("the Board") is pleased to present the Corporate Governance Overview Statement ("this Statement") which aims to provide shareholders and investors of the Company with an overview of the corporate governance ("CG") practices of the Company and its subsidiaries ("the Group") during the financial year ended December 2022 ("FY2022"). This Statement is prepared based on the following 3 key CG principles as set out in the Malaysian Code on Corporate Governance ("the Code") and in compliance with Paragraph 15.25 of the Main Market Listing Requirements ("MMLR"):-

i. Board leadership and effectiveness;
ii. Effective audit and risk management; and
iii. Integrity in corporate reporting and meaningful relationship with Stakeholders.

This Statement is to be read together with the CG Report of the Company ("CG Report 2022") which can be referred to at the Company's website at www.trc.com.my under Corporate Governance section.

In general, the Group has applied all applicable practices set out in the Code throughout FY2022 except for the following:-

i. Practice 4.4 - Performance evaluations of the Board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.
ii. Practice 5.6 - In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing Board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.
iii. Practice 8.2 - The Board discloses on a name basis the top five senior management's remuneration component including salary, bonus, benefit in-kind and other emoluments in bands of RM50,000.

The explanations for the above departures and measures taken in relation thereto are provided in the CG Report 2022.

The Group's overall application of the practices can be summarised in the following table:-

	Total	Applied	Departure	Not Applicable	Not Adopted	Adopted
Recommended practices	43	39	3	1	-	-
Step-up Practices	5	-	-	-	1	4

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Leadership

The Company is led and governed by the Board which is headed by the Chairman and guided by the Group Managing Director who has detailed knowledge and vast experience in the construction industry. The rest of the Board Members possess a wide range of skills and experiences in various industries ranging from construction, finance and general management disciplines from both the private and public sectors suitable for managing the Group's businesses. A brief profile of each Director is presented under Profile of Directors of this Annual Report.

The primary role of the Board is to provide overall strategic guidance on CG and management of the business affairs of the Group in order to safeguard shareholders' interest and the assets of the Group.

In discharging its fiduciary duties, the Board has established and delegated certain responsibilities to the following four (4) Board Committees, namely:-

i. Audit and Risk Management Committee
ii. Nominating and Remuneration Committee
iii. Sustainability Committee
iv. Whistleblowing Committee

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

1. Board Leadership (cont'd)

Each committee operates within their terms of reference approved by the Board which are periodically reviewed. The Board also delegates the authority and responsibility for managing the day-to-day business activities of the Group to the Group Managing Director and the Executive Directors who are responsible for overseeing the business development, implementation of the corporate strategies and business plans, policies and controls.

2. Board Responsibilities

The Board has overall responsibility in the stewardship of the Group's direction and its performance. The Board is also primarily responsible for determining the Company's strategic objectives and policies, and for monitoring the progress made towards achieving those objectives and policies. In this regard, the Board is guided by a Board Charter which outlines the roles and responsibilities of Directors and other functions as recommended by the Code. The Board Charter is aimed at promoting high standards of CG and is designed to provide guidance and clarity for Directors and Management with regard to their roles and the roles of the Board's committees.

The Board is committed to conducting the business activities of the Group ethically and legally by complying with all applicable laws. This includes compliances with the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018). In this regard, the Board established the Anti-Bribery and Corruption Policy in November 2020 which was aimed at providing information and guidance to the Directors and employees of the Group on standards of behaviour with which they must adhere to and how to recognise as well as deal with bribery and corruption.

In discharging their duties, the Board has also formalised a Code of Conduct for the Directors which govern the underlying core ethical values and commitment of high standards of integrity, transparency and accountability as well as to promote good business conduct and maintain a healthy corporate culture in the Group.

The Board Charter, the Directors' Code of Conduct and the Anti-bribery and Corruption Policy are available on the Company's website, www.trc.com.my.

3. Board Composition

The Board currently consists of eight (8) members comprising three (3) Executive Directors and five (5) Independent Non-Executive Directors. The Company fulfils the prescribed requirement of having at least one-third (1/3) of the Board Members as Independent Non-Executive Directors as stated in Paragraph 15.02 of the MMLR.

The MMLR now limits the tenure of an independent director to not more than a cumulative tenure of 12 years. In compliance with the MMLR and also as part of the Company's ongoing effort to strengthen the Board independence and quality, presently the Company has five (5) Independent Directors and all of them have served as Board Members for a cumulative term of less than twelve (12) years.

4. Boardroom Diversity

Chapter 15.02 of the MMLR provides that the Group must ensure that at least one (1) director of the group is a woman. The Board strongly supports and concurs with the initiative to have female participation in the Board as well as in its Senior Management team. In 2015, the Company appointed Puan Siti Sarlina Binti Abdul Rahman (f) as Deputy Chief Executive Officer of one the Group's wholly-owned subsidiary companies. Puan Siti Sarlina is now the CEO of Trans Resources Corporation Sdn Bhd and also the Alternate Director to Dato' Abdul Aziz bin Mohamad. In December 2017, the Company appointed Tun Jeanne Binti Abdullah (f) as its additional Director who was then redesignated as Chairman of the Board in February 2018. In June 2018, the Company further widened the gender diversity of the Board by appointing Cik Fadzilah binti Mohd Salleh (f) as an additional Independent Non-Executive Director of the Company.

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

4. Boardroom Diversity (cont'd)

The Company also has in place its Boardroom Policy which was designed to reinforce the Board's commitment to diversity including taking into account the tenure of independent directors to ensure turnover when appropriate; it shall serve as a formalisation of the Board's current practices in relation to promoting and implementing diversity as well as limiting the tenure of independent directorship. In light of the aforementioned, the Board has formalised its long-standing practice of limiting the tenure of its independent directors to a maximum of seven (7) years or two (2) re-elections by the shareholders.

Having considered the recommendations from the Nominating and Remuneration Committee ("NRC"), the Board agrees that the current Board's individual qualifications and their mix of skills augurs well for the Group current business activities.

5. Recruitment and Annual Assessment of Directors

As part of the Company continuous effort to improve the Board effectiveness, the Company has expanded its Board performance assessment as recommended by the Code which covers the performance of the Board as a whole, its committees and the directors. The effectiveness of the Board, its Committees and Directors are evaluated annually by the NRC pursuant to its terms of reference.

A checklist form is tailored to provide a common and well-defined understanding on the criteria in considering a proposed candidate and to also facilitate a smooth process of recommendation from NRC to the Board. Based on the evaluation and recommendation from the NRC and the current nature of business activities undertaken by the Group, the Board as a whole will assess whether the qualifications and skills of the current Board Members are sufficient for them to carry out their collective role and responsibilities as Board Members.

During FY2022, NRC met twice and the activities of the NRC are reported in Item 13 of this Statement.

6. Roles of Chairman and Managing Director

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority. The roles of the Chairman, the Group Managing Director and Executive Directors are distinct and separate to ensure accountability and facilitate a clear division of responsibilities in the Company. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The Executive Directors, supported by the Senior Management team, implement the Group's strategic plan, policies and decisions adopted by the Board and oversee the operations and business development of the Group.

7. Qualified and Competent Company Secretary

The Board members also have direct access to the advice and services of the Company Secretary who is responsible for ensuring that the relevant meeting procedures, governance matters, applicable rules and statutory regulations are adhered to. The Company Secretary will also advise the Board on any new statutory requirements and oversee adherence with Board policies and procedures. He will also brief and update the Board on the proposed contents and timing of material announcements to be made to regulators. He attends all Board and Board Committees' meetings as well as Shareholders Meeting and ensures that all such meetings are properly convened with accurate and proper records of the proceeding and resolutions passed duly taken and maintained accordingly.

The Group's Secretarial Department is led by Abdul Aziz Mohamed, a Licensed Secretary under Section 235 of the Companies Act 2016. He graduated from International Islamic University in 1996 with a Bachelor of Laws. He has been working in secretarial department of several public listed companies under various positions since 1996.

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

8. Access to Information and Advice

In performing their duties, all Directors have unrestricted and timely access to all information pertaining to the Group's business and affairs whether as a full Board member or in their individual capacities in carrying out their duties and responsibilities effectively. The Chairman undertakes primary responsibility of organizing information to be distributed to the Board. They also have direct access to the advice and services of the Company Secretary, the Senior Management team, internal and external auditors and other independent professionals at all times and at the Company's expense. The Directors will need to consult the Chairman or discuss in Board meetings prior to seeking independent professional advices.

On quarterly basis, the Company Secretary notifies the Directors and Principal Officers of the Company of the closing period for trading of the Company's shares pursuant to Chapter 14 of the MMLR. The Company Secretary also circulates relevant guidelines and updates on statutory and regulatory requirements from time to time to the Board and, if necessary, table it to the Board Meetings.

As for the Board Meetings, the agenda is set and Board papers are circulated within reasonable time prior to scheduled meetings via emails or physical copies to ensure sufficient time is given to the Directors to read the Board papers and seek any clarification that they may need from Management, or to consult the Company Secretary or independent advisers prior to the meeting, if necessary. This enables the Directors to discuss the issues effectively at the Board Meetings.

9. Whistleblowing Policy and Procedures

The Company established the Whistleblowing Policy and Procedures in February 2019. The policy was formulated as an avenue for all the Group's staff and stakeholders as well as members of the public to disclose any legitimate misgivings they may harbour regarding any improper conduct within the Group. The Whistleblowing Committee is responsible for assisting the Board to protect the interest of the Company and stakeholders by investigating complaints of alleged misconduct received on an independent and confidential basis, and to take any other necessary actions. The policy and procedures of the Whistleblowing Committee are made available on the Company's website, www.trc.com.my.

During FY2022, the Company received no complaints or disclosure by the staffs, stakeholders as well as the public of any misgivings of improper conduct within the Group.

10. Directors' Training

The Board believes that continuous training is essential to the Board Members to ensure that they are updated with appropriate skills and knowledge so as to enable them to discharge their duties effectively. Therefore, they are encouraged to attend training programmes at least once in a year in order to supplement their knowledge in various fields relevant to them.

The details of the training programs attended by the Directors during FY2022 are as follows:-

Directors	Training Programme	Date	Organiser
Tun Jeanne Binti Abdullah	Nil	Nil	Nil
Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin	PEMUDAH Forum "Past Lesson, Future Excellence & Productivity Breakthrough"	7 February 2022	Economic Planning Unit (EPU) and Malaysia Productivity Corporation (MPC) as the Secretariat to PEMUDAH

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

10. Directors' Training (cont'd)

Directors	Training Programme	Date	Organiser
Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin	MBAM Annual Safety & Health Conference	29 March 2022	Master Builders Association Malaysia
	CEO@POLYCC Talk	8 May 2022	Politeknik Ungku Omar
	Launching Ceremony The MBAM-ILO-UK Partnership For Enhancement Of A Sector Skills Body And Industry-Led TVET Modalities In The Construction Sector	8 June 2022	Jointly Organized by Master Builders Association Malaysia, International Labour Organization (ILO) Through The Skills For Prosperity Programme (Sfp Malaysia) Funded By United Kingdom Government
	MBAM Focus Group Dialogue 1/2022	25 June 2022	Master Builders Association Malaysia
	MBAM - Construction Export and Investment Mission to Indonesia	4-7 September 2022	Master Builders Association Malaysia
	WIEF Roundtable Penang 2022 – Economic Rebound : Transforming the Future	27 September 2022	World Islamic Economic Forum Foundation
	The ASEAN Constructors' Federation (ACF) Conference On "Together Shaping The Future Of Construction In Asean"	17 October 2022	ASEAN Constructors Federation (ACF)
	Seminar Matlamat Pembangunan Mampan 9/ Sustainable Development Goals 9 (SDG 9) : (Industri, Inovasi Dan Infrastruktur)	27 October 2022	Unit Perancang Ekonomi (UPE), Jabatan Perdana Menteri (JPM) dengan kerjasama UCSI University
	CIOB Fellowship Introduction Workshop	9 November 2022	Chartered Institute of Building (CIOB)
	45th IFAWPCA Convention	15-19 November 2022	Maldives National Association Construction Industry (MNACI) and International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA)

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

10. Directors' Training (cont'd)

Directors	Training Programme	Date	Organiser
Dato' Abdul Aziz Bin Mohamad	Webinar : What Should Investor Relations know About Section 17A-MACC Act 2009?	17 Aug 2022	Malaysian Investor Relations Association (MIRA)
Dato' Richard Khoo Teng San	Webinar : What Should Investor Relations know About Section 17A-MACC Act 2009	17 Aug 2022	Malaysian Investor Relations Association (MIRA)
Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin	SC Updated The Malaysian Code On Corporate Governance To Promote Board Leadership And Oversight Of Sustainability	19 August 2022	Smart Focus Business Consulting
	Board Room Workshop For Director Inspiring Your Board Performance	6 September 2022	Smart Focus Business Consulting
	Risk Management Approach & Marketing	29 September 2022	Maslow Trainers & Consultant
	Bursa Malaysia Webinar: Strengthening Stakeholder Management & Investor Relations (Guidebook 3 of PLC Transformation Programme)	6 October 2022	Bursa Malaysia
	Audit Committee Series - Related Party Transactions (Simplified)	23 November 2022	Bursa Malaysia
	Audit Oversight Board Conversation With Audit Committees	6 December 2022	Securities Commission
Dato' Ir. Abdullah Bin Abd Rahman	Audit Oversight Board Conversation With Audit Committees	6 December 2022	Securities Commission
Dato' Sr. Abdull Manaf Bin Hj Hashim	Nil	Nil	Nil
Fadzilah Binti Mohd Salleh	Environmental, Social and Governance (ESG) in Financial Reporting	9 November 2022	Malaysian Institute of Certified Public Accountants (MICPA)
	Audit Oversight Board Conversation With Audit Committees	6 December 2022	Securities Commission
	Updated and Overview 2022 – Selected MFRS Standards	7 & 8 December 2022	Malaysian Institute of Certified Public Accountants (MICPA)

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

10. Directors' Training (cont'd)

Apart from the aforementioned, frequent visits to project sites as well as active participation in the relevant associations have equipped the Executive Directors with the latest information and technologies in the industry. Although the pandemic is over, the Company continued to take precautions and therefore no site visits were organised during FY2022 for the Non- Executive Directors.

The Company Secretary also played his role to educate the Board whereby he will highlight and update the relevant guidelines on statutory and regulatory requirements from time to time to the Board. The external auditors will also brief the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

All Directors of the Company have successfully attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia.

11. Time commitment

The Board is satisfied with the level of time commitment and focus given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company as none of them except Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin holds directorship(s) in other public companies.

The Board agreed to meet at least four (4) times a year and additional meetings are convened as and when necessary. During FY2022, the Board met four (4) times and the attendance record for each Director is as follows:-

Name	No. of Meeting Attended	% of Attendance
Tun Jeanne binti Abdullah	4/4	100
Tan Sri Dato' Sri Sufri bin Hj Mohd Zin	4/4	100
Dato' Abdul Aziz bin Mohamad	4/4	100
Dato' Richard Khoo Teng San	4/4	100
Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin	4/4	100
Dato' Ir. Abdullah Bin Abd Rahman	4/4	100
Dato' Sr. Abdull Manaf Bin Hj Hashim	4/4	100
Fadzilah Binti Mohd Salleh	4/4	100

In the selection and appointment of new directors, the Board has agreed that time commitment will be one of the determining factors for selection. An informal discussion between the representatives of the Board and the identified candidates will be held prior to their appointment so as to ascertain the capability and time commitment of the candidate.

12. Sustainability Strategies

The Board is fully aware that the sustainability and the growth of the Group's business are dependent on the sustainability of our country's economy, environment and society as an integrated unit. The Company established its Sustainability Policy in 2017 which aims to:-

- Endeavour to integrate the principles of sustainability into the Group's strategies, policies and procedures;
- Promote sustainable practices;
- Ensure that the Board and Senior Management are involved in the implementation of this policy and in the review of the Group's sustainability performance; and
- Create a culture of sustainability within the Group and the community with an emphasis on integrating the environmental, social and governance economic considerations into decision-making and the delivery of outcomes.

The details of sustainability practices adopted by the Group is spelled out in the Sustainability Statement of this Annual Report.

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

13. Nominating and Remuneration Committee ("NRC")

In February 2022, the Company has integrated and merged the existing Nominating Committee and Remuneration Committee as a single entity known as Nominating and Remuneration Committee to ensure a more effective and efficient role of the Committee to undertake its objectives.

Further to the merger, the members of the NRC during FY2022 were as follows:-

a) Dato' Ir. Abdullah Bin Abd Rahman (Chairman)
b) Dato' Sr. Abdull Manaf Bin Hj Hashim
c) Cik Fadzilah Binti Mohd Salleh

During FY2022, the NRC met twice and has made the necessary assessments, reviews and recommendations to the Board as follows:-

i. Assessed and reviewed the performance and effectiveness of the Board, Committee and its Directors;
ii. Reviewed the revision of the performance self-assessment form;
iii. Reviewed the revision of the Boardroom Policy;
iv. Reviewed the revision of the Remuneration Policy; and
v. Checklist Form on appointment and re-election of Directors

The NRC is primarily empowered by its terms of reference in carrying out its function which include, among others to support and advise the Board in fulfilling their responsibilities to shareholders in ensuring the Board and Senior Managements of the Group are comprised of individuals with an optimal mix of qualifications, skills and experience as well as to assist the Board in their responsibilities in assessing the remuneration packages of the members to the Board and Senior Managements of the Group.

14. Remuneration policies and procedures

14.1 Policies and Procedure

The Board acknowledges that the measure of remuneration of the Directors and Senior Management should reflect the extent of their responsibility and contribution towards the successful and efficient running of the Group's activities.

To assist in discharging its duties, NRC is guided by the Remuneration Policy and Procedures to review and recommend the remuneration package of each individual member of the Board of Directors of the Company and the Senior Management of the Group in order to attract and retain competent executives who can add value to the Company. The determination of remuneration packages of the Board Member, particularly those of Non-Executive Directors, and Senior Management are a matter of the Board. The individuals concerned shall abstain from partaking in discussions of their own remuneration.

14.2 Remuneration Packages

The aggregate remuneration of the Directors as well as the Senior Management received and receivable from the Company and its subsidiaries during FY2022 are detailed out in CG Report 2022 which is to be read together with this statement. The CG Report 2022 is available on the Company's website at www.trc.com.my.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit and Risk Management Committee ("ARMC")

The Company established its Audit Committee ("AC") in May 2002 with the primary objective of assisting the Board in fulfilling its fiduciary responsibilities particularly in relation to business, ethics, policies and practices, and financial management and control. Subsequently in May 2021 due to strategic considerations and in compliance with the Code, the Company agreed to integrate the risk management function of the Group with the existing AC and to be known as ARMC.

The primary objectives of the ARMC are:-

i) to provide assistance to the Board in relation to fulfilment of the Board's statutory as well as fiduciary responsibilities and ensure that the internal and external audit functions of the Group are being carried out adequately and effectively;
ii) to assist the Board in the effective discharge of its primary responsibilities of identifying principal risks and implementing appropriate systems and risk assessment processes to manage such risks for the Group.

Currently, the ARMC comprises three (3) Non-Executive Directors and all of them are Independent Directors. The ARMC is chaired by Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin who has vast experience in general management. He is assisted by Dato' Ir. Abdullah Bin Abd Rahman who has vast experience in construction and Fadzilah binti Mohd Salleh who is a Chartered Accountant of the Malaysian Institute of Accountants.

During FY2022, the ARMC met four (4) times and the details of the activities undertaken by them are set out under Audit and Risk Management Committee of this Annual Report.

ARMC is guided by the terms of reference which can be viewed at the Company's website www.trc.com.my.

2. Risk Management and Internal Control Framework

The Board recognises that proper risk management and internal control are important aspects of a company's governance, management and operation. The Board takes overall responsibility for maintaining the effectiveness and adequacy of the Group's system of risk management and internal control including the establishment of an appropriate risk management framework and control framework as an ongoing process for reviewing and monitoring the integrity of these systems. The whole control process will cover not only financial aspects but also control relating to operations, risk management, compliance with statutory rules and regulatory guidelines to sustain ethical values and to promote effective governance structure.

The Board is of the view that the system of risk management and internal control in place in 2022 is sound and sufficient to safeguard the Group's assets as well as shareholders' investments and the interests of customers, regulators, employees and other stakeholders. A detailed analysis of the system is set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

1. Communication with Stakeholders

The Board is fully aware that the key element of good CG is the effective communication and proper dissemination of all important issues and major developments concerning the Company to all shareholders and investors. Effective communication channels with the Company's shareholders, investors and the public are maintained through timely announcements and disclosures made to Bursa Malaysia and when necessary, the distribution of press releases.

During FY2022, the Company organised several face-to-face, online meetings and briefings with financial analysts and investors to establish a better understanding of the Company's business and performance as well as to convey other information that may affect shareholders interest.

The Company also has a cordial relationship with reporters who have been playing a very effective role in conveying the Group's information to the public, shareholders and investors. Press releases are also occasionally organised to clarify certain matters related to the Company and its operating units.

The Company has been consistently leveraged on technology to broaden its channel of dissemination of information and to enhance the quality of engagement with the stakeholders. For that reason, the Company has in place an upgraded website (www.trc.com.my) which provides an avenue for providing information about the Company and the Group. The stakeholders can also give their feedback on the Company's sustainability practices through the Company's Stakeholders Engagement Survey which is available in the Company's website. Besides the website, the Company has also in place its Facebook page and Instagram account for wider communication channels.

2. Conduct of General Meetings

The Company's General Meetings remain the primary channel of communication with the Company's shareholders in particular private investors. At each General Meeting, shareholders are encouraged and given sufficient time and opportunity to participate in the proceedings, to raise questions and partake in discussions pertaining to the operation and financial aspects of the Group. They may seek clarification on the Group's performance, major developments as well as on the resolutions being proposed. All Board Members, the Senior Management team as well as the Company's external auditors are available to respond to shareholders' relevant questions raised at the Meeting.

Furthermore, in line with good CG practice, the notice of the 26th Annual General Meeting ("AGM") of the Company was issued more than 28 days before the AGM date.

The Company implemented an electronic voting process in 2017 and will continue to explore the leveraging of technology to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at Company AGMs. For its 26th AGM, the Company will conduct it virtually to give shareholders and proxies, the opportunity to follow and participate in the meeting effectively despite being in various locations.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the MMLR, the following information is provided:

Utilization of proceeds

For FY2022, there were no proceeds raised from any exercise.

Share buybacks

As at 31st December 2022, the Company held a total of 9,208,400 treasury shares.

During FY2022, the Company has not purchased its own shares under the Share Buybacks scheme.

Sanctions and / or penalties

There were no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during FY2022.

Non-Audit Fees

The non-audit fees paid to external auditors amounted to RM5,000 for FY2022. The details of the fees paid or payable to the external auditors are reported under the Financial Statements of this Annual Report.

Material Contracts

There were no material contracts between the Company and its subsidiaries involving the interest of any Directors or major shareholders during FY2022.

Recurrent Related Party Transaction

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

Related party	Contracting party	Nature of transaction	Transacted value for financial year ended 31 December 2022 (RM)
Richdore Corporation Sdn Bhd (Company connected to Dato' Richard Khoo Teng San)	Trans Resources Corporation Sdn Bhd	Purchase of construction materials	44,970.42
Richdore Corporation Sdn Bhd (Company connected to Dato' Richard Khoo Teng San)	TRC Niaga Sdn Bhd	Purchase of construction materials	3,126.10
Richdore Corporation Sdn Bhd (Company connected to Dato' Richard Khoo Teng San)	Trans Handan Bridge Sdn Bhd	Purchase of construction materials	-

Note: In view that no renewal of mandate was sought at the 25th AGM held on 22 June 2022, the Shareholders' mandate on Recurrent Related Party Transactions obtained on 29 June 2021 has expired on the 22 June 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Board is responsible for ensuring that the Financial Statements are prepared in accordance with the provisions of the Companies Act 2016 and any applicable approved accounting standards in Malaysia so as to ensure a true and fair view of the state of affairs of the Group and the Company as at the end of each financial year as well as that of their results and cash flows for that financial year then ended. The Board is also responsible for maintaining accounting records that disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the Financial Statements comply with the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group as well as to detect and prevent fraud and other irregularities.

The Directors are satisfied that in preparing the Financial Statements of the Group for FY2022, the Group has adopted appropriate accounting policies and applied them prudently and consistently. They are also satisfied that reasonable and prudent judgments and estimates were made and all applicable approved accounting standards in Malaysia have been adhered to accordingly.

This CG Overview Statement was approved by the Board of Directors of the Company on 19th April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of TRC Synergy Berhad ("the Board") is pleased to present the Statement on Risk Management and Internal Control which outlines the state of risk management and internal control framework of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2022 ("FY2022"). This statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and guided by the latest Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound system of risk management and internal control so as to safeguard shareholders interest and Group assets as required by the Malaysia Code on Corporate Governance issued by Securities Commission of Malaysia. The whole process of control is not limited to financial aspects but also include other controls relating to operations, risk management and compliance with statutory rules and regulatory guidelines in order to sustain ethical values and promote effective governance structures.

The internal control system covers the core business of the Group with the aim of achieving the business objectives by managing the emerging risks that may arise. The system of Internal Control also aims to:-

i) Ensure that existing control over all significant operation meet the Group's objective economically.
ii) ensure that proper documentation and accounting records are maintained; and
iii) ensure that the documentation and financial information generated by the system are reliable.

The Board is fully aware that this system, by its nature, can only provide reasonable but not absolute assurance against the risk of material misstatement of financial information and records or against financial losses due to fraud and error. The system is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives of the Group. The Board remains responsible for the governance of risk and for all the actions of the Board Committees with regard to the execution of delegated oversight responsibilities.

The Board's responsibility for internal control does not cover those of the associated companies which are separately managed.

MANAGEMENT RESPONSIBILITY

The management is responsible for implementing the Group's policies and procedures on risk management and internal control. The management will identify, evaluate and report any risk as well as the effectiveness of the internal control system besides taking appropriate and timely remedial actions as required.

In undertaking its responsibilities the management will identify and evaluate the risks relevant to the achievement of the business objectives and strategies of the Group; it will also formulate relevant policies and procedures to manage these risks, design, implement and monitor the effective implementation and report to the Audit and Risk Management Committee ("ARMC") in a timely manner.

RISK MANAGEMENT

The Board views risk management as an important process in the pursuit of the Group's corporate governance agenda. It is an ongoing process which involves the management from various business units to identify, evaluate, monitor, manage and mitigate the risks that may affect the achievement of its business and corporate objectives.

The Group adopts a decentralized approach to risk management by encouraging all business units to participate and take ownership of their respective identified risks. The process of risk management and policy implementation is overseen by the risk working committee ("RWC") which was established in 2021 as well as the senior management of the Group ("the Senior Management") and reported to the Board through ARMC. The risk management framework is also embodied in the Quality Policy in accordance with ISO 9001: 2015 practiced by a wholly-owned subsidiary of the Company, Trans Resources Corporation Sdn Bhd ("TRC") which is the major revenue contributor to the Group. For certain sizeable projects, the project teams together with project delivery partners ("PDP") will have to comply with risk management procedures regulated by the clients.

RISK MANAGEMENT (CONT'D)

In order to equip business units with adequate knowledge and awareness of risk management control, the Group has assigned them to attend risk related seminars pertaining to construction industry. This will facilitate them in dealing with any emerging risks and address the consequential issues that may arise. In 2022, RWC conducted four (4) brainstorming workshops to comprehensively review associated risk for departments and projects. These sessions were aimed at fostering a culture of risk-based thinking within the Group, which is crucial for effective risk management. Subsequently, outcomes of the workshop and brainstorming sessions were compiled and prepared quarterly for review by ARMC.

Risk Management Framework

Risk Management activities are guided by COSO internal control framework effective May 2019. The risk universe covers a wide span of activities that determine the risk profile inherent in the nature of business which would compromise the business objectives if not properly addressed. Risk factors are classified into two main categories namely external and internal risk.

Risk Identification, Evaluation and Ranking

The management of each business unit as well as projects undertaken by the Group are required to identify and document all possible risks that can affect their achievements. It is the responsibility of the operational managers and heads of department to identify risk that could affect the achievement of the business objectives of their units respectively.

The risk identification process shall take into consideration specific risks in achieving business objectives and risks that have a potential impact on the success and continuity of the business. The identified risks are fundamentally evaluated as below:

- Probability or likelihood of occurrence
- Significance or magnitude of the risk impact

Qualitative risk analyses are performed against the enterprise's established risk matrices to assess the risk significance and determine the priority and magnitude of the subsequent risk response deemed required. An appropriate quantitative risk analysis may be employed to assess a particular shortlisted high-profile risk in order to gain more understanding on the impending risk exposure.

This methodology will assist and improve the organization in making an informed decision at all levels while keeping risks as low as reasonably practicable.

Risk Mitigation Measure

Risk mitigation measures are formulated to manage risks and among these measures are:

- Sustaining good client relationship
- Responsive to public relation units
- Adequate insurance coverage
- Competent and experienced personnel
- Monitoring projects within budgeted cost, profit margin and timeline
- Stringent quality and safety standard
- Efficient procurement management system
- Close monitoring of construction work progress
- Compliance with statutory requirements

Recognizing the seriousness of cyber threats, the Group has paid special attention to these aspects by formulating and implementing the necessary measures to ensure that all matters related to the procurement and provision of services related to Information and Communications Technology (ICT) run continuously without any disruption that could affect security to the Group's activities.

RISK MANAGEMENT (CONT'D)

Risk Mitigation Measure (cont'd)

In 2018, the Group issued Computer Usage Policy which aims to provide guidance to all staffs on matters related to usage of computers, software and the internet. Additionally, in 2022, the Group has provided awareness training for employees on data privacy and cybersecurity, covering a broad range of security topics, including password protection, social engineering, and compliance. These measures were implemented to mitigate the risk of cyber threats and ensure the responsible use of technology in the workplace.

Apart from that, a briefing for the Audit and Risk Management Committee on the Cyber Risk and Threat of the Group was also conducted, demonstrating the Group's proactive approach to identifying and mitigating cyber risks. This further highlights the Group's commitment to risk mitigation and its efforts to maintain a secure and responsible working environment.

Risk Reporting and Monitoring

Significant risks identified from each business unit or project are tabulated in the risk assessment report and presented to RWC, the Senior Management and ARMC which are then recommended to the Board for deliberation or approval while matters and decisions made within the purviews of ARMC and the Senior Management are escalated to the Board for its notation. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. Monitoring of inherent risk is a continuous process and the top ten risks are presented to the ARMC for consideration.

INTERNAL CONTROL

The key elements of the Group's internal control system are described below:-

Internal Audit Function

The Board is fully aware of the importance of the internal audit function which is undertaken by the internal audit department. The main objective of this department is to review the key business processes and controls, and to assist ARMC in the discharge of its duties and responsibilities. Its role is to provide independent and objective reports on the organization, management, accounting and other records as well as accounting policies and internal controls to ARMC and the Board. As required by the Listing Requirements, the internal auditors report directly to ARMC and is independent of the activities audited by them. They provide periodic reports to ARMC on the outcome of the audit works they have conducted which are reviewed and evaluated by ARMC.

Internal audit works are carried out pursuant to the annual audit plan approved by the ARMC as well as the Board. The internal audit process provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control system and also recommends improvements to be made in relation to control. The results of the audit reviews are reported periodically to ARMC. Additionally, the internal auditors also carry out follow-up visits to ensure recommendations for improving control systems are implemented. The presence of the internal audit function has provided the necessary level of assurance as to the effectiveness and credibility of the Group's system of internal control.

Throughout FY2022, the internal audit department has undertaken several independent audit assignments pursuant to the approved audit plan. The details of the internal audit activities are reported under Internal Audit Function of Audit and Risk Management Committee Report of this Annual Report.

None of the weaknesses or issues identified during the review for FY2022 has resulted in non-compliance with any relevant policies or procedures, Bursa Malaysia Main Market Listing Requirements or any other recommended industry practices that require disclosure in the Group's annual report.

INTERNAL CONTROL (CONT'D)

Lines of Reporting

Clear definitions for the terms of reference including functions, authorities and responsibilities of the committees set up by the Board for all aspects of the business have been established within the Group. This also includes detailed job descriptions and specifications provided to each employee of the Group and which is further reiterated through a well-defined organizational structure.

Dissemination of Information within the Group

Regular operational meetings held on a monthly basis at headquarters will deliberate on all operational risks and issues of the Group. Subsequently, important (high priority) risks and issues will then be presented and discussed by the senior management whom will meet on a quarterly basis. During these meetings, besides the routine operational matters, comprehensive information which covers financial performance and key business indicators, key operating statistic/indicators, key business risks as well as legal, environmental and regulatory matters are also disseminated and deliberated. Key matters affecting the group are brought to the attention of ARMC and are reported to the Board on a regular basis.

Detailed Budgeting Process

A detailed budgeting process has been implemented whereby operating units prepare budgets for their respective project which will be deliberated upon at the Senior Management meetings. The budgets are subject to a quarterly monitoring against actual results with major variances being explained and considered. If necessary, management action and follow up will be initiated to ensure congruence.

ARMC

ARMC, on behalf of the Board, regularly reviews and holds discussions with the Management and external auditors on matters relating to the internal control and corporate governance highlighted in the course of their statutory audit of the financial statements of the Group.

The Report on ARMC as set out under Audit and Risk Management Committee Report of this Annual Report contains further details on the activities undertaken by ARMC in 2022.

Board

The Board holds regular discussions with ARMC, the Senior Management and external auditors and reviews their reports on matters relating to internal controls and deliberates on their recommendations for implementation.

The Board has taken the necessary steps, as are reasonably practicable to them, to ensure that adequate systems of internal controls are in place to properly safeguard the assets of the Group through the prevention and detection of fraud, other irregularities and material misstatements in the financial statements.

The Board opines that the system of internal control is operating effectively and considered adequate to safeguard the Group's business operations and that the risks taken are at an acceptable level within the context of the business environment of the Group.

The Board is not aware of significant weaknesses in the internal control system that can substantially affect the business operations of the Group which could result in material losses.

ISO STANDARDS

Quality Policy

TRC, being the main revenue contributor of the Group, has a clear and well documented Quality Policy in accordance with ISO 9001 : 2015. This policy and the related procedures are communicated to staff for implementation. The salient features of the Quality Policy are as follows:-

i) Internal Quality audits are conducted at planned intervals to determine whether the Quality Management System is effectively implemented, maintained and conforms to the established system requirements of the Internal Standard, ISO 9001:2015.
ii) On an annual basis, an overall Internal Quality Audit Plan is devised encompassing every department and project, taking into consideration the status and importance of relevant process, areas to be audited as well as results of previous audits.
iii) Certified Internal Quality auditors will be assigned to execute audit works in accordance with the Internal Quality Audit Plan where the reports shall be examined, analyzed and reported to the Management during the Management Review Board Meetings.
iv) As part of the Quality Management System, the Management shall meet on a monthly basis to discuss and deliberate all issues relating to the business of the Group.
v) An annual Management Review Board Meeting is held to report and discuss on the overall performance of the Quality Management System and the projects undertaken. The Review Board members will also discuss and endorse any identified action plans that need to be carried out for further improvements.
vi) The ARMC is accessible to the relevant reports produced in relation to the Quality Management and if the need arise, the matter shall be further discussed in the Board Meeting.

Amongst the initiatives to ensure the success of projects undertaken is to embark upon and implement risk management strategies by identifying project's strengths, weaknesses, opportunities and threats, be it from internal or external factors. This exercise is carried out at the early stage of a project and if such risks are identified or have occurred, methods of dealing with them are established.

Monitoring of these risks is done on monthly basis by the respective project team members, and red flags will be raised if any risks pose a threat to the health of the project so that the immediate and necessary actions can be taken.

This ISO 9001 Standard was accredited to TRC in 2002. In order to equip the Group with internationally recognized working standards, TRC was also accredited with ISO 45001 (Safety and Health Standard) and ISO 14001 (Environmental Standard) in April 2019.

MANAGING DIRECTOR AND GROUP'S ACCOUNTANT ASSURANCE

The Managing Director and the Accountant of the Group have provided assurance to the Board that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

COMPLIANCE

Pursuant to paragraph 15.23 of the Listing Requirements the external auditors have reviewed this statement for its inclusion in the Annual Report.

This statement is made in accordance with the Malaysian Code on Corporate Governance, Paragraph 15.26(b) of the Main Market Listing Requirements and Practice Note 9 as issued by Bursa Malaysia Securities Berhad. It is also made in accordance with the resolution given by the Board of Directors on 19th April 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of TRC Synergy Berhad ("the Board") is pleased to present the report of the Audit and Risk Management Committee for the financial year ended 31st December 2022.

1. INTRODUCTION

The Board established the Audit Committee pursuant to Chapter 15 of the Bursa Malaysia Main Market Listing Requirement on 22nd May 2002. The Committee's primary objective was to assist the Board in fulfilling its fiduciary responsibilities particularly relating to business ethics, policies, and practices as well as those relating to financial management and control. Besides undertaking its primary objective, the Audit Committee was also tasked to oversee the risk assessment of the company and its subsidiaries ("the Group").

Further to the recommendation from the Malaysian Code on Corporate Governance ("MCCG") for listed issuers to establish a risk management committee, the Board had on 19th May 2021 decided to officially establish a risk management committee by integrating the risk management function into the Audit Committee and rename it as Audit and Risk Management Committee ("ARMC").

2. MEMBERS OF ARMC

During the financial year 2022, ARMC comprised the following 3 Independent, Non-Executive Directors:-

Chairman: **Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin**
(Independent Non-Executive Director)

Members: i) **Dato' Ir. Abdullah Bin Abd Rahman**
(Independent Non-Executive Director)

ii) **Fadzilah Binti Mohd Salleh**
(Independent Non-Executive Director)
(Member of the Malaysian Institute of Accountants)

Secretary: **Abdul Aziz Bin Mohamed**
(Company Secretary)

The detailed profiles of the ARMC Members is disclosed in the Profile of Directors of this Annual Report.

3. TERMS OF REFERENCE

Following the decision to integrate the risk management function into the existing Audit Committee and rename it as ARMC, the Board has revised the terms of reference of the Audit Committee to include risk management function. The terms of reference of ARMC is available on the Company's website, www.trc.com.my.

4. SUMMARY OF ACTIVITIES OF ARMC

4.1 Meetings

During the financial year ended 31st December 2022, ARMC met five (5) times. The details of ARMC members' attendance are as follows:

No.	Audit and Risk Management Committee	Attendance	
1.	Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin	5/5	100%
2.	Dato' Ir. Abdullah Bin Abd Rahman	4/5	80%
3.	Fadzilah Binti Mohd Salleh	5/5	100%

4. SUMMARY OF ACTIVITIES OF ARMC (CONT'D)

4.1 Meetings (cont'd)

The Group's Accountant, the Company Secretary who is the secretary of ARMC, the Group's Internal Auditors and the representative of the risk working committee ("RWC") will attend ARMC meetings on regular basis. Other senior management and the Group's External Auditors will attend the meeting upon invitation.

Additionally, ARMC also meets with the External and Internal Auditors without the presence of Executive Board Members and senior management as and when necessary.

4.2 Summary of Activities

ARMC carried out the following activities in discharging its functions and duties for the financial year 2022, which are in line with its responsibilities as set out in its terms of reference:-

a) Financial Statements

- Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Company and Group for which ARMC made recommendations to the Board for approval. The review was to ensure compliance with statutory reporting requirements and appropriate resolution of all accounting and audit matters requiring significant judgment.
- In its review of the quarterly financial reports and year-end financial statements, ARMC discussed with the management and the External Auditors on the financial reporting standards applied, including the judgments exercised in the application of those standards. They also discussed on the critical accounting estimates and assumptions used in arriving at the reported amounts of items in the quarterly financial reports and year-end financial statements.

b) Matters relating to External Audit

- Reviewed together with the External Auditors their audit plan and scope of work for the year and the results of the annual audit, their audit reports and Management Letter together with the management's responses on the weaknesses highlighted by the External Auditors.
- Reviewed the External Auditors' report and significant audit findings highlighted in their report.
- Reviewed and evaluated the External Auditors' suitability, objectivity and independence, taking into consideration their technical competencies, audit quality and manpower resource sufficiency to perform the audit of the Group and recommended their appointment to the Board. ARMC also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group. For the selection and appointment of External Auditors, ARMC is guided by the policies and procedures adopted by the Company.

c) Matters relating to Internal Audit

- Reviewed and approved the annual internal audit plan to ensure adequate scope and coverage of the Group's activities based on identified and assessed key risk areas. Also considered the adequacy of the manpower resources of the internal audit team to carry out the activities identified in the internal audit plan.
- Reviewed the internal audit reports issued by the Internal Auditors and thereafter discuss the management's actions taken to improve the system of internal control and any outstanding matters.

4. SUMMARY OF ACTIVITIES OF ARMC (CONT'D)

4.2 Summary of Activities (cont'd)

d) Matters relating to Risk Management and Internal Control

- Reviewed measures implemented by management with regard to risk management and internal control.
- Reviewed adequacy and completeness of internal control and procedures. Since May 2019, the Internal Control Integrated Framework released by the Committee of Sponsoring Organizations of the Treadway Commission known as COSO Framework had been applied across the organization as it provides flexibility and allows for judgement in designing, implementing and conducting internal control.
- COSO Framework consists of five (5) integrated components with 17 principles to address issues on governance, risk assessment and internal control. The five (5) components are:
  - i. Control environment consists of a set of standards, processes and structure which provides the basis for internal control whereby Board and Senior Management establish "tone from the top" to ensure governance oversight responsibilities, assignment of authority and responsibility are performed.
  - ii. Risk assessment which involves a dynamic and interactive process for identifying and assessing risk to achievement of objectives with possible consideration of impact.
  - iii. Control activities are actions performed under directive of management which encompass policies, practices and procedures to mitigate any risk for achieving the set objectives.
  - iv. Identification and communication of the pertinent information in order to support the function of other internal control components.
  - v. Monitoring activities shall be continuous and ongoing processes with evaluations or combination of both to ascertain each of the five components of internal control is present and functioning.
- Recommended on the establishment of RWC primarily to assist ARMC in highlighting risk factors that might affect the Group's objectives.
- Reviewed the revised the terms of reference of ARMC to include risk management function and to recommend to the Board for approval.
- Internal audit findings are used to prompt the risk owners the significant areas of concern and codified them into risk register with likelihood/impact matrices to create two dimensional views of how inherent risk might impact delivery.
- The high impact risks are immediately communicated with best options to deal with either to accept, control, modify or eliminate them. Subsequently, the risk register and action plans are reviewed continuously to minimize or eliminate the identified risks.
- Internal Audit Department actively pursuing control activities to ensure assertion on the completion, existence, accuracy and valuation to the financial statements.

e) Other Matters

- Reviewed the Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control which are prepared in accordance with the provisions set out under the Malaysian Code on Corporate Governance ("the Code"), the extent of compliance with the said Code and then ARMC's recommendations to the Board for inclusion of the aforementioned Statements in the Annual Report.
- ARMC also produced and presented its reports and recommendations to the Board for inclusion in the Annual Report.
- Reviewed and considered the procedures in relation to recurrent related party transactions ("RRPT"). ARMC also monitored, tracked and verified RRPTs.
- Reviewed the Cyber Risk Report presented by the Information and Communications Technology (ICT)

5. INTERNAL AUDIT FUNCTION

Internal audit works are carried out in accordance with the approved annual audit plan by ARMC and the Board. The Internal Audit Department (IAD)reports directly to ARMC and its principal role is to assist the Group in evaluating and improving the effectiveness of risk management, control and governance processes. It also ensures that adequate internal control is maintained to safeguard the Group's assets and the shareholders' interest.

Throughout the financial year, the Internal Audit Department has undertaken several independent audit assignments pursuant to the approved annual audit plan. The details of the activities performed during the financial year are as follows:

- Prepared annual audit plan for deliberation and obtained approval from ARMC and the Board.
- Examined and reviewed the existing control over all significant Group operations and systems to ascertain reasonable assurance that the Group's objective and goals are met efficiently and economically.
- Conducted operational audit and recommended appropriate control measures for improvement on weaknesses or deficiencies identified.
- Reviewed the adequacy of the scope, functions, aptitudes and resources of Internal Audit Department which have been deemed necessary to carry out the audit.
- Reviewed the effectiveness of control for procurement and handling of material at all project sites including custodian and utilization of fixed assets within the Group.
- Reviewed adequacy, relevancy and effectiveness of risk management for projects and departments.
- Collaborated and constant communication with Quality Management Team to strengthen the internal audit process and procedures.
- Continuous follow up of reviews on recommendations and outstanding issues to ensure both are implemented and resolved accordingly.
- Identified, evaluated and recorded all associated risks into Risk Registers with the corresponding remedial actions.

Upon completion of the assignments, the Internal Audit Department will prepare an independent audit reports for ARMC highlighting the key risk areas and weaknesses identified; and then propose relevant recommendations for their consideration. All recommendations on rectifying any identified weaknesses shall be reviewed, discussed, and communicated accordingly to the Management. The Internal Audit Department has also established follow–up reviews to monitor and ensure that the recommendations as agreed upon by ARMC have been effectively implemented.

Going forward, the Internal Audit Department will strengthen its capacity and enhance its efficiency to improve its contribution to the Group pursuant to the Audit Charter and the Internal Audit Plan as approved by the ARMC and the Board.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, general contractors for supplying labour and provision of corporate, administrative and financial support services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the year.

RESULTS

	Group RM'000	Company RM'000
Net profit for the year attributable to:		
Equity holders of the Company	53,291	5,841
Non-controlling interests	3,801	-
Net profit for the year	57,092	5,841

DIVIDENDS

The amount of dividend paid by the Company during the year in respect of the year ended 31 December 2021, was as follows:

	RM'000
First and final single tier dividend of 1.20 sen per ordinary share, on 471,288,703 ordinary shares, paid on 15 July 2022	5,655

At the forthcoming Annual General Meeting, a provisional single tier dividend in respect of the year ended 31 December 2022 of 1.20 sen per ordinary share on 471,288,703 ordinary shares (net of treasury shares at the date of this report) amounting to a dividend payable of RM5,655,464 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2023.

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the year.

SHARE OPTIONS

No option was granted to any person to take up unissued shares of the Company during the year.

RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the year are disclosed in the financial statements.

SUBSIDIARIES

Details of the subsidiaries are set out in note 8 to the financial statements.

There is no qualified auditors' report on the financial statements of any subsidiary for the year in which this report is made.

As at the end of the year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

DIRECTORS

The directors in office during the period commencing from the beginning of the year to the date of this report are:

Tun Jeanne Binti Abdullah
Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin
Dato' Abdul Aziz Bin Mohamad
Dato' Richard Khoo Teng San
Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin
Dato' Ir. Abdullah Bin Abd Rahman
Dato' Sr. Abdull Manaf Bin Hj Hashim
Fadzilah Binti Mohd Salleh
Siti Sarlina Binti Abdul Rahman
(alternate director to Dato' Abdul Aziz Bin Mohamad)

DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries (excluding directors who are also directors of the Company) during the period commencing from the beginning of the year to the date of this report are:

Dato' Rosli Bin Mohamed Nor
Abdul Aziz Bin Mohamed
Pehin Orang Kaya Seri Dewa Major General (B) Dato Seri Pahlawan Haji Mohammad Bin Haji Daud
Loh Leh Wong
Azizul Qahar Bin Abdullah
Nasaruddin Bin Mahmud
Lu Yew Hee
Tan Khoon Kian
Ren Bin Qing
Yeoh Sook Keng
Philip Ting Siew Ming
Samaon @ Samson Anak Entebang
Dato' Leong Kam Heng
Zachariah Leong Weisheng (Appointed on 12 October 2022)
John Goris (Ceased on 12 October 2022)

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the year in shares in the Company during the year were as follows :

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
Direct interest				
Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin	47,531,517	2,948,700	-	50,480,217
Dato' Abdul Aziz Bin Mohamad	13,658,217	-	(5,646,720)	8,011,497
Dato' Richard Khoo Teng San	10,434,397	470,600	-	10,904,997
Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin	-	600,000	-	600,000
Siti Sarlina Binti Abdul Rahman (alternate director to Dato' Abdul Aziz Bin Mohamad)	7,000	-	-	7,000
Dato' Sr. Abdull Manaf Bin Hj Hashim	-	2,000	-	2,000
Deemed interest				
Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin*	124,795,200	-	-	124,795,200
Dato' Abdul Aziz Bin Mohamad*	124,795,200	-	-	124,795,200

* Deemed interest by virtue of their substantial shareholdings in TRC Capital Sdn. Bhd. and Kolektif Aman Sdn. Bhd.

Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin, Dato' Abdul Aziz Bin Mohamad, Dato' Richard Khoo Teng San, Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin, Siti Sarlina Binti Abdul Rahman and Dato' Sr. Abdull Manaf Bin Hj Hashim by virtue of their interest in shares in the Company are also deemed to have interests in shares of all the Company's subsidiaries to the extent the Company has an interest.

The other directors in office at the end of the year did not hold any interest in shares of the Company or its related corporations during the year.

TREASURY SHARES

At the Company's Annual General Meeting ("AGM") held on 22 June 2022, the Company obtained shareholders' approval on the renewal authority for the Company to purchase up to 10% of the share capital of the Company. During the year, the Company did not purchase any of its own shares and none of the treasury shares held was cancelled, sold or used for other purposes permitted under the Companies Act 2016.

As at 31 December 2022, the Company held 9,208,400 shares as treasury shares out of its total issued and paid up share capital.

DIRECTORS' BENEFITS

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

Since the end of the previous year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the accounts or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with a 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.

DIRECTORS' BENEFITS (CONT'D)

Remuneration of the directors of the Company during the year:

	Group RM'000	Company RM'000
Fees	300	300
Salaries, allowances and bonus	6,213	528
Other emoluments	560	35
	7,073	863

INDEMNITY AND INSURANCE COST

There was no indemnity given to or insurance effected for the directors or officers of the Group and of the Company.

OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

(i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

(i) which would render it necessary to write off any debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

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 which would render any amount stated in the financial statements misleading.

OTHER INFORMATION (CONT'D)

In the opinion of the directors:

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

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

AUDITORS

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payment has been made to indemnify the auditors for the current year.

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current year is amounted to RM490,829 and RM80,300 respectively.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

TAN SRI DATO' SRI SUFRI BIN HJ MOHD ZIN
Director

DATO' ABDUL AZIZ BIN MOHAMAD
Director

Kuala Lumpur

19 April 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF TRC SYNERGY BERHAD
Registration No.: 199601040839 (413192-D)
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TRC Synergy Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 172.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's revenues and profits are mainly generated from construction and property development activities.

(a) Revenue recognition for construction contracts

The risk:

For the year ended 31 December 2022, the revenue recognised on construction contracts amounted to RM528.28 million, accounting for approximately 78% of the Group's revenue.

The revenue recognised over the period of the contracts requires significant management judgements in determining the performance obligations as stated in the contracts with customers, percentage of completion, extent of actual costs incurred, estimated total revenue and total costs and the recoverability of the contract cost incurred.

We have identified revenue recognition for the construction contracts as one of the areas requiring audit focus since significant management judgement and estimates are involved.

The Group's accounting policies and revenue arising from construction contracts are disclosed in notes 3(m)(ii) and 27 respectively, to the financial statements.

Key Audit Matters (cont'd)

(a) Revenue recognition for construction contracts (cont'd)

Our response:

(i) We assessed the reasonableness of management's key assumptions used in deriving at the estimates for total construction costs for each of these projects, where possible, examining documentary evidence such as letters of award issued, variation orders and etc;

(ii) We assessed the contract revenue against the signed letter of awards for construction contracts;

(iii) We recomputed the revenue recognised during the year using the input method by comparing total cost incurred against total budgeted costs:

(iv) We tested on sample basis, actual costs incurred to relevant documents such as contractors' claim certificates or suppliers' invoices. Where costs have not been billed or certified, we assessed the adequacy of accruals of such costs by checking subsequent contractors' claim certificates or suppliers' invoices; and

(v) We evaluated whether the Group is liable for liquidated ascertained damages by comparing contractual hand over dates in the signed agreements against the Group's estimated hand over dates and progress reports.

(b) Revenue recognition for property development activities

The risk:

For the year ended 31 December 2022, the revenue recognised on property development activities amounted to RM83.50 million, accounting for approximately 12% of the Group's revenue.

This revenue recognised over the period of the development requires significant management judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

We have identified revenue recognition for the property development activities as one of the areas requiring audit focus since significant management judgement and estimates are involved.

The Group's accounting policies and revenue arising from property development activities are disclosed in notes 3(m)(ii) and 27 respectively, to the financial statements.

Our response:

(i) We assessed the reasonableness of management's key assumptions used in deriving at the estimates for total development costs for the project, where possible, examining documentary evidence such as letters of award issued, variation orders and etc;

(ii) We read the sales and purchase agreements entered into with customers to obtain an understanding of the specific terms and conditions;

(iii) We assessed the contract revenue against the signed sales and purchase agreements of the sold units, rebates offered and etc;

(iv) We tested on sample basis, actual costs incurred to relevant documents such as contractors' claim certificates or suppliers' invoices. Where costs have not been billed or certified, we assessed the adequacy of accruals of such costs by checking subsequent contractors' claim certificates or suppliers' invoice;

Key Audit Matters (cont'd)

(b) Revenue recognition for property development activities (cont'd)

Our response: (cont'd)

(v) We recomputed the revenue recognised during the year using the input method by comparing total cost incurred against total budgeted costs; and

(vi) We evaluated whether the Group is liable for liquidated ascertained damages by comparing contractual hand over dates in the signed agreements against the Group's estimated hand over dates and progress report.

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 the 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.

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 of the Company's internal control.

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

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 8 to the financial statements.

OTHER MATTER

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.

MAZARS PLT
201706000496 (LLP0010622-LCA)
AF 001954
Chartered Accountants

CHONG FAH YOW
03004/07/2024 J
Chartered Accountant

Kuala Lumpur

19 April 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	180,761	191,836
Investment properties	6	9,813	10,293
Inventories	7	12,207	12,134
Investments in associates	9	488	1,495
Investment in joint venture	10	42,348	47,653
Other investments	11	66	66
Other receivables	12	-	760
Deferred tax assets	13	10,197	3,255
Right-of-use assets	14	8,136	9,710
		264,016	277,202
CURRENT ASSETS			
Inventories	7	53,069	132,167
Trade and other receivables	12	435,534	389,278
Contract assets	15	10,265	33,500
Contract cost assets	16	84,895	15,844
Current tax assets		1,005	1,137
Deposits, cash and bank balances	17	277,695	313,959
		862,463	885,885
TOTAL ASSETS		1,126,479	1,163,087

	Note	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	240,457	240,457
Treasury shares	19	(2,460)	(2,460)
Other reserves	20	8,800	10,714
Retained earnings	21	249,207	201,571
Equity attributable to the equity holders of the Company		496,004	450,282
Non-controlling interests		8,452	4,761
TOTAL EQUITY		504,456	455,043
NON-CURRENT LIABILITIES			
Borrowings	22	96,807	99,436
Deferred tax liabilities	13	2,341	5,205
Provisions	23	36,561	32,288
		135,709	136,929
CURRENT LIABILITIES			
Borrowings	22	62,698	63,600
Provisions	23	7,216	11,266
Trade and other payables	24	195,146	221,752
Contract liabilities	15	214,007	271,089
Current tax liabilities		7,247	3,408
		486,314	571,115
TOTAL LIABILITIES		622,023	708,044
TOTAL EQUITY AND LIABILITIES		1,126,479	1,163,087

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	-	-
Investments in subsidiaries	8	91,748	91,748
Deferred tax assets	13	-	46
		91,748	91,794
CURRENT ASSETS			
Other receivables and deposits	12	151,560	151,233
Current tax asset		-	17
Deposits, cash and bank balances	17	2,944	4,497
		154,504	155,747
TOTAL ASSETS		246,252	247,541
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	240,457	240,457
Treasury shares	19	(2,460)	(2,460)
Retained earnings	21	7,280	7,094
TOTAL EQUITY		245,277	245,091
CURRENT LIABILITIES			
Other payables and accruals	24	708	2,450
Current tax liability		267	-
TOTAL LIABILITIES		975	2,450
TOTAL EQUITY AND LIABILITIES		246,252	247,541

The accompanying notes form an integral part of the financial statements

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group 2022 RM'000	Group 2021 RM'000 (Restated)	Company 2022 RM'000	Company 2021 RM'000 (Restated)
Revenue	27	678,392	762,123	7,641	7,244
Cost of sales	28	(618,810)	(705,133)	-	-
Gross profit		59,582	56,990	7,641	7,244
Other income	29	12,940	2,696	1	2
Administrative expenses		(37,355)	(39,013)	(1,379)	(3,095)
Distribution expenses		(163)	(416)	-	-
Reversal of allowance for expected credit loss on receivables		16,423	-	-	1,872
Allowance for expected credit loss on trade and other receivables		(7,770)	(28)	-	-
Operating profit		43,657	20,229	6,263	6,023
Finance income	30	20,029	3,755	62	48
Finance costs	31	(4,668)	(8,685)	(2)	(2)
Share of profits of associates		318	140	-	-
Share of (loss)/profits of joint venture		(834)	8,802	-	-
Profit before tax	32	58,502	24,241	6,323	6,069
Income tax expenses	35	(1,410)	(6,098)	(482)	(79)
Net profit for the year		57,092	18,143	5,841	5,990
Other comprehensive loss, net of tax					
Item that is or will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations		(2,024)	(501)	-	-
Other comprehensive loss for the year, net of tax		(2,024)	(501)	-	-
Total comprehensive income for the year		55,068	17,642	5,841	5,990

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Net profit/(loss) for the year attributable to:					
Equity holders of the Company		53,291	20,672	5,841	5,990
Non-controlling interests		3,801	(2,529)	-	-
Net profit for the year		57,092	18,143	5,841	5,990
Total comprehensive income/(loss) for the year attributable to:					
Equity holders of the Company		51,377	20,166	5,841	5,990
Non-controlling interests		3,691	(2,524)	-	-
Total comprehensive income for the year		55,068	17,642	5,841	5,990
Earnings per share attributable to equity holders of the Company (sen)					
- Basic	36	11.31	4.39		
- Diluted	36	11.31	4.39		

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Attributable to equity holders of the Company						
		Non-distributable			Distributable			
		Share capital	Treasury shares	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021		240,457	(2,460)	11,220	185,612	434,829	7,285	442,114
Dividends	37	-	-	-	(4,713)	(4,713)	-	(4,713)
Net profit/(loss) for the year		-	-	-	20,672	20,672	(2,529)	18,143
Foreign currency translation difference for foreign operations		-	-	(506)	-	(506)	5	(501)
Other comprehensive (loss)/income for the year		-	-	(506)	-	(506)	5	(501)
Total comprehensive (loss)/income for the year		-	-	(506)	20,672	20,166	(2,524)	17,642
At 31 December 2021		240,457	(2,460)	10,714	201,571	450,282	4,761	455,043

		Attributable to equity holders of the Company						
		Non-distributable			Distributable			
	Note	Share capital RM'000	Treasury shares RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022		240,457	(2,460)	10,714	201,571	450,282	4,761	455,043
Dividends	37	-	-	-	(5,655)	(5,655)	-	(5,655)
Net profit for the year		-	-	-	53,291	53,291	3,801	57,092
Foreign currency translation difference for foreign operations		-	-	(1,914)	-	(1,914)	(110)	(2,024)
Other comprehensive loss for the year		-	-	(1,914)	-	(1,914)	(110)	(2,024)
Total comprehensive (loss)/income for the year		-	-	(1,914)	53,291	51,377	3,691	55,068
At 31 December 2022		240,457	(2,460)	8,800	249,207	496,004	8,452	504,456

The accompanying notes form an integral part of the financial statements

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

	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021		240,457	(2,460)	5,817	243,814
Total comprehensive income for the year		-	-	5,990	5,990
Dividends	37	-	-	(4,713)	(4,713)
At 31 December 2021		240,457	(2,460)	7,094	245,091
Total comprehensive income for the year		-	-	5,841	5,841
Dividends	37	-	-	(5,655)	(5,655)
At 31 December 2022		240,457	(2,460)	7,280	245,277

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	58,502	24,241	6,323	6,069
Adjustments for:				
Allowance for expected credit loss	7,770	28	-	-
Amortisation of right-of-use assets	1,931	4,136	-	-
Amortisation of partnership interest	67	2,542	-	-
Bad debts written off	-	32	-	705
Depreciation of property, plant and equipment	12,685	11,518	-	1
Interest expense	7,541	11,225	2	2
Loss on disposal of investment property	162	40	-	-
Property, plant and equipment written off	62	1	-	-
Unrealised (gain)/loss on foreign exchange	(3,291)	1,562	-	-
Dividend income	-	-	(5,666)	(4,776)
Gain on disposal of property, plant and equipment and right-of-use assets	(1,017)	(420)	-	-
Interest income	(19,639)	(3,755)	(62)	(48)
Fair value gain on money market fund	(390)	-	-	(1,872)
Impairment loss on investment in associate	1,395	-	-	-
Reversal of allowance for expected credit loss on receivable	(16,423)	-	-	-
Reversal of impairment loss of subsidiaries	-	-	-	(1,872)
Reversal of amortisation of right-of-use assets	-	(36)	-	-
Share of profits of associates	(318)	(140)	-	-
Share of loss/(profits) of joint venture	834	(8,802)	-	-
Operating profit before working capital changes	49,871	42,172	597	81
Changes in inventories	79,025	11,703	-	-
Changes in contract assets/liabilities	(33,847)	119,773	-	-
Changes in contract cost	(69,051)	3,646	-	-
Changes in receivables	(17,944)	4,773	2	1,349
Changes in payables	(27,877)	(45,043)	32	(122)
Cash (used in)/generated from operations	(19,823)	137,024	631	1,308
Tax paid	(7,337)	(8,026)	(152)	(16)
Interest paid	(47)	(848)	(2)	(2)
Interest received	4,505	3,755	62	48
Net cash (used in)/generated from operating activities	(22,702)	131,905	539	1,338

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in money market fund placed with fund managers	390	-	-	-
Additional investments in an existing associate	-	(30)	-	-
(Advances to)/Repayment from subsidiaries	-	-	(329)	14,046
Purchase of property, plant and equipment and right-of-use assets (note 38)	(1,932)	(446)	-	-
Proceeds from disposal of property, plant and equipment and right-of-use assets	1,130	872	-	-
Proceeds from disposal of investment property	318	180	-	-
Distribution of profit received from joint venture	3,971	1,751	-	-
Dividend received	-	-	5,666	4,776
Reversal of investment property	-	13	-	-
Net cash generated from investing activities	3,877	2,340	5,337	18,822
CASH FLOWS FROM FINANCING ACTIVITIES				
Net repayment to subsidiaries	-	-	(1,774)	(14,178)
Withdrawal/(Placement) in pledged fixed deposits and designated bank accounts	46,428	(22,186)	(33)	(30)
Repayment of short-term borrowings	(2,604)	(68,065)	-	-
Proceeds from long-term borrowings	-	4,160	-	-
Payment of lease liability	(76)	(228)	-	-
Dividend paid	(5,655)	(4,713)	(5,655)	(4,713)
Interest paid	(7,488)	(9,146)	-	-
Net cash generated from/(used in) financing activities	30,605	(100,178)	(7,462)	(18,921)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	11,780	34,067	(1,586)	1,239
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	(20)	154	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	135,803	101,582	2,666	1,427
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 17)	147,563	135,803	1,080	2,666

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. GENERAL INFORMATION

TRC Synergy Berhad (the "Company") is a public company limited by shares incorporated and domiciled in Malaysia. The Company is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office and principal place of business of the Company is disclosed on page 41.

The principal activities of the Company are investment holding, general contractors for supplying labour and provision of corporate, administrative and financial support services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in note 8.

There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the year.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, as stated in the significant accounting policies set out in note 3.

(a) Application of amended standards

In the current year, the Group and the Company have applied a number of amended standards that become effective mandatorily for the financial periods beginning on or after 1 January 2022.

The adoption of the amended standards does not have significant impact on the financial statements of the Group and of the Company.

(b) Standards issued that are not yet effective

The Group and the Company have not applied the following new standard and amendments that have been issued by the MASB but are not yet effective.

		Effective date
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 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new standard and amendments are not expected to have significant impact on the financial position and financial performance of the Group and of the Company when they are effective.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Investments in subsidiaries (separate financial statements)

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

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

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Company made up to the end of the year.

The Company controls an investee if and only if the Company has all the followings:

(i) power over the investee;
(ii) exposure, or rights, to variable returns from its involvement with the investee; and
(iii) the ability to use its power to affect its returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

Non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes of interests in subsidiaries

The changes of interest in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest. Any difference arising from equity transactions is recognised directly in equity.

Loss of control

When the Company loses control of subsidiaries:

(i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiaries.

(ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiaries at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiaries at the date when control is lost.

(iii) It recognises any investment retained in the former subsidiaries at its fair value when control is lost. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Business combination

The Group accounts for each business combination by applying the acquisition method.

The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during 12 months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.
- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

(d) Investments in associates and joint ventures

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the sharing of control of an arrangement contractually, which exists only when decisions about the relevant activities require unanimous consent of the parties.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investments in associates and joint ventures (cont'd)

Investments in associates or joint ventures are accounted for in the financial statements using the equity method. The results and net assets of associates or joint ventures are accounted for using uniform accounting policies for like transactions and other events in similar circumstances. An investment is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control. Under the equity method, the investments are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or joint ventures. Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

On acquisition of an investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment, and goodwill is not tested for impairment separately. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (includes long-term interests that form part of the Group's net investment in the associate or joint venture, in substance), equity accounting is discontinued; unless the Group has legal or constructive obligations for such losses.

At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If there is such indication, management recognises impairment loss in profit or loss as the difference between the recoverable amount of the associate or joint venture and its carrying value.

When changes in the Group's interest in an associate or a joint venture do not affect the use of equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group discontinues the use of equity accounting from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value and the fair value is regarded as its fair value on initial recognition. Any gain or loss is recognised in profit or loss. In addition, if a gain or loss previously recognised in other comprehensive income by the associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Inventories

All inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less costs to completion and selling expenses.

(i) Land held for property development

Land held for property development is land on which development is not expected to be completed within the normal operating cycle. No significant development work would have been undertaken on the land. Accordingly, land held for property development is classified as a non-current asset. Land held for property development is measured at the lower of cost and net realisable value. Costs include incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs (current asset).

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs are measured at the lower of cost and net realisable value.

Property development costs are subsequently recognised as an expense in profit or loss when or as the entity's performance obligation is satisfied over time or at a point in time.

(iii) Unsold completed properties

Unsold completed properties are stated at the lower of cost and net realisable value. The cost of unsold completed properties comprises cost associated with the acquisition of land, direct costs and related allocation costs attributable to property development activities.

(iv) Raw materials and finished goods

Represents the construction materials and foods, beverages and others hotel supplies. Costs are determined after deducting rebates and discounts valued using weighted average method and first-in first-out basis.

(f) Property, plant and equipment

(i) Measurement basis

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

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

Freehold land and buildings are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses. Fair value is determined from market-based evidence by appraisal that is undertaken by professionally qualified valuers and assessment by board of directors. Revaluations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from that which would be determined using fair value at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Property, plant and equipment (cont'd)

(i) Measurement basis (cont'd)

Any revaluation surplus is credited to the revaluation reserve included within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss to the extent of the decrease previously recognised. A revaluation deficit is first offset against unutilised previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon disposal or retirement of an asset, any revaluation reserve relating to the particular asset is transferred directly to retained earnings.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. On disposal, the difference between the net disposal proceeds and the net carrying amount is recognised in the profit or loss.

(ii) Depreciation

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives, at the following annual rates:

Buildings	2% - 2.5%
Plant, machinery and equipment	2.5% - 33.33%
Motor vehicles	20%
Office equipment	10% - 25%
Furniture and fittings	10% - 20%
Renovation	10% - 35%

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

(g) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria is met; and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of reporting period. Gains or losses arising from changes in the fair values of investment properties are recognised in the profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties (cont'd)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories; its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Leases

The Group as Lessee

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

After initial recognition, right-of-use assets except for leasehold land and buildings are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities. Leasehold land and buildings are stated at revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The leasehold land is amortised over the maximum period of 99 years. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment. The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Variable lease payment (not based upon an index or a rate) are recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Leases (cont'd)

The Group as Lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

(i) Contract assets and contract liabilities

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

(j) Contract cost assets

(i) Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts 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.

(ii) Costs to fulfill a contract

The Group recognises contract cost assets that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, which will be used in satisfying performance obligations in the future and costs are expected to be recovered.

These 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 and loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred.

Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of non-financial assets

Property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint venture

Property, plant and equipment, right-of-use assets and investments in subsidiaries, associates and joint venture are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the profit or loss, except for assets that are previously revalued where the revaluation was recognised in other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(l) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (cont'd)

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when an asset is derecognised, modified or impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Impairment of financial assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (cont'd)

Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

All financial liabilities are subsequently measured at FVTPL or at amortised cost.

Financial liabilities at amortised cost

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/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 a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Financial instruments (cont'd)

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 payments when due in accordance with the terms of a debt instrument.

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

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

Equity instrument

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Repurchase of own equity instruments is deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of own equity instruments.

Treasury shares

When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently it shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Companies Act 2016 in Malaysia.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue from contracts with customers

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the total consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

(i) Sale of goods

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

In measuring the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

(ii) Construction contracts and property development

Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

(iii) Sale of completed properties

Proceeds from sale of completed properties are recognised when the Company satisfies a performance obligation by transferring a promised asset to a customer. Proceeds are normally the contracted price in the sale agreement. An asset is transferred when the customer obtains control of that asset.

(iv) Management fees

Management fees are recognised when services are rendered.

(v) Rendering of services

Revenue from rendering of services is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from rendering of services is recognised using an input method to measure progress towards complete satisfaction of the services.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Revenue from contracts with customers (cont'd)

(vi) Hotel operations

Hotel room and ancillary services

Hotel room and ancillary services are recognised when service is rendered to the customers over their stay at the hotel. The transaction price is the net amount collected from the customer. Advance deposits on hotel rooms are recorded as customer deposits (i.e. contract liability) until services are provided to the customers.

Sales of foods and beverages

Revenue from the sales of foods and beverages is recognised when the food and beverage is delivered, rendered or control transferred to the customer. Payment of the transaction price is due immediately when the customer purchases the food and beverage.

Other income is recognised as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(n) Employee benefits

(i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed off as the related service is provided.

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

(ii) Defined contribution plans

The Company and its Malaysian subsidiaries make monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan. Foreign subsidiaries make contributions to their respective statutory pension plans. The obligation of the Group is limited to the amount that they agree to contribute to those defined contribution plans. The contributions to those plans are recognised as an expense when the employees have rendered service entitling them to the contribution.

(iii) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Borrowing costs

Borrowing costs incurred on assets under development that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred; and ceases when the asset is completed or during extended periods when active development is interrupted.

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

(p) Income tax

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the prevailing exchange rate on the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rate on the date when the fair values were determined.

Exchange differences are recognised in profit or loss, except for:

- Exchange differences on borrowings denominated in foreign currency relating to an asset under construction, which are included in the cost of that asset when the exchange difference is regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on amounts receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (i.e. form part of the net investment in that foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations are translated at the prevailing exchange rate on the reporting date. Income and expense are translated at average exchange rate for the financial period. Exchange differences arising from the translation of the financial statements of the foreign operation are recognised in other comprehensive income; accumulated in a separate component of equity and attributed to non-controlling interests as appropriate.

On disposal of a foreign operation (i.e. loss of control, joint control or significant influence), the accumulated exchange differences recognised in equity relating to that foreign operation is reclassified to profit or loss.

In a partial disposal that does not result in losing of control over a foreign operation, the proportionate share of accumulated exchange differences in equity is re-attributed to non-controlling interests and are not recognised in profit or loss. For other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in losing of significant influence or joint control), the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, a provision represents the present value of those estimated future cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, bank overdrafts and other short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts, designated bank accounts and pledged fixed deposits.

(t) Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they 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 results are reviewed regularly by the chief operating decision maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(u) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Contingencies (cont'd)

(ii) Contingent assets

Where it is not probable that there is economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote.

Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(v) Government grant

Government grants, including non-monetary grants at fair value, are not recognised until there is reasonable assurance that: (i) the Group will comply with the conditions attaching to them; and (ii) the grants will be received.

Government grants (recognised as deferred income) are released to profit or loss on a systematic basis over the financial periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

A government grant that is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs, are recognised in profit or loss in the financial period in which it becomes receivable.

(w) Earnings per 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 date, 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 own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and share options granted to employees.

(x) Fair value

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.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

4. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported assets, liabilities, income and expenses.

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors (including expectations for future events that are believed to be reasonable under the circumstances), actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised and in any future financial periods affected.

(i) Judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and have developed certain criteria based on MFRS 140 Investment Property in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the properties, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Revenue recognition of construction contracts

The Group recognises revenue from construction contracts based on the percentage of completion method. The percentage of completion of the construction contracts is measured in accordance with the accounting policies set out in note 3(m)(ii).

Significant judgement is required in determining the percentage of completion, the extent of the contract costs incurred, the estimated total revenue and total costs and the recoverability of the contract. In making these judgements, management relies on past experience and the work of specialists.

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

(i) Judgements made in applying accounting policies (cont'd)

Revenue recognition of property development activities

The Group recognises revenue from property development activities based on the percentage of completion method. The percentage of completion of the property development activities is measured in accordance with the accounting policies set out in note 3(m)(ii).

Significant judgement is required in determining the percentage of completion, the extent of the development project costs incurred, the estimated total revenue and total costs and the recoverability of the development project. In making these judgements, management relies on past experience and the work of specialists.

(ii) Key sources of estimation uncertainty

The key assumptions 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 period are discussed below:

Useful lives of property, plant and equipment and right-of-use assets

The estimate of the useful lives of property, plant and equipment and right-of-use assets are based on physical wear and tear, expected usage, technical and commercial obsolescence are reviewed annually and are updated if expectations differ from previous estimates.

Any change to the estimate of the useful lives will affect future depreciation charges. The directors have relied upon past experience and industry practices in exercising their judgement. The carrying amounts of the Group's property, plant and equipment and right-of-use assets at the reporting date is disclosed in notes 5 and 14.

Fair value of land and buildings

The Group measures its land and buildings at revaluation and fair value model with any change in fair value recognised in the revaluation surplus and profit or loss, respectively. Significant judgement is required in the determination of fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and reliance on the work of specialists. The Group engages an independent professional valuer and the board of directors perform fair value assessment to determine the fair value on an open market value basis using comparison and income methods.

Information regarding the valuation techniques and inputs used in determining the fair value is disclosed in notes 5, 6 and 14.

Allowance for stock obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices.

Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, changes in product preference and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's inventories, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required. The carrying amount of the inventories is disclosed in note 7.

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

(ii) Key sources of estimation uncertainty (cont'd)

Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Uncertainties also exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amounts and timing of future taxable income. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expenses are disclosed in note 35.

Deferred tax assets

Deferred tax assets are recognised for unabsorbed capital allowances, unused tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the capital allowances, unused tax losses and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 13.

Determining the loss allowance for trade receivables and contract assets

Management assesses the ECL for trade receivables and contract assets at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables and contract assets.

In determining the ECL, management uses historical credit loss experience for trade receivables and contract assets to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables and contract assets are impaired in relation to incurred losses, but management is also considering, where applicable, reasonable and supportable information that may include current and forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables and contract assets.

The carrying amount of trade receivables and contract assets is disclosed in notes 12 and 15.

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

(ii) Key sources of estimation uncertainty (cont'd)

Determining the loss allowance for non-trade receivables

Management assesses the ECL of receivables (other than trade receivables and contract assets) at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

The carrying amount of other receivables is disclosed in note 12.

Contingent liabilities

Determination of the treatment of contingent liabilities in the financial statements is based on the management's view of the expected outcome of the applicable contingency. The issued financial guarantee contracts of the Company is disclosed in note 42(iii).

Impairment of property, plant and equipment, investments in subsidiaries, associates and joint venture and right-of-use assets

Property, plant and equipment, investments in subsidiaries, associates and joint venture and right-of-use assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the property, plant and equipment, investments in subsidiaries, associates and joint venture and right-of-use assets's recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from property, plant and equipment, investments in subsidiaries, associates and joint venture and right-of-use assets and also choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amounts of property, plant and equipment, investments in subsidiaries, associates and joint venture and right-of-use assets are disclosed in notes 5, 8, 9, 10 and 14.

Provision for development cost

The Group recognises a provision for development cost in respect of development projects undertaken by its subsidiaries. In determining the provision, the Group has made assumptions in relation to the development cost incurred on the development projects. The carrying amount of provision for development cost at the reporting date is disclosed in note 23.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Valuation				Cost			
2022	Freehold land RM'000	Freehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
At 1 January 2022	25,284	164,136	71,455	31,127	5,081	2,660	4,306	304,049
Additions	840	-	373	-	209	56	-	1,478
Disposals	-	-	(1,915)	(3,311)	-	-	-	(5,226)
Exchange difference	(204)	(1,338)	46	29	14	-	9	(1,444)
Written off	-	-	(691)	(69)	(460)	-	(944)	(2,164)
Transfer from right-of-use assets (note 14)	-	-	3,032	1,360	-	-	-	4,392
At 31 December 2022	25,920	162,798	72,300	29,136	4,844	2,716	3,371	301,085
Accumulated Depreciation								
At 1 January 2022	-	13,210	59,811	29,111	3,906	2,479	3,696	112,213
Charge for the year	-	4,520	5,461	1,937	452	65	250	12,685
Disposals	-	-	(1,816)	(3,311)	-	-	-	(5,127)
Exchange difference	-	(165)	42	29	14	-	9	(71)
Written off	-	-	(663)	(69)	(426)	-	(944)	(2,102)
Transfer from right-of-use assets (note 14)	-	-	1,895	831	-	-	-	2,726
At 31 December 2022	-	17,565	64,730	28,528	3,946	2,544	3,011	120,324
Net Carrying Amount								
At 31 December 2022	25,920	145,233	7,570	608	898	172	360	180,761

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

Group	Valuation		Cost					
2021	Freehold land RM'000	Freehold buildings RM'000	Plant, machinery and equipment RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
At 1 January 2021	25,719	167,562	63,881	28,462	5,223	2,739	4,273	297,859
Additions	-	-	444	-	289	60	48	841
Disposals	-	-	(2,116)	(1,247)	(66)	-	-	(3,429)
Exchange difference	(524)	(3,426)	29	122	(7)	-	2	(3,804)
Written off	-	-	(64)	(12)	(358)	(139)	(17)	(590)
Transfer from right-of-use assets (note 14)	89	-	9,281	3,802	-	-	-	13,172
At 31 December 2021	25,284	164,136	71,455	31,127	5,081	2,660	4,306	304,049
Accumulated Depreciation								
At 1 January 2021	-	8,865	51,413	25,077	3,950	2,561	3,183	95,049
Charge for the year	-	4,606	3,964	1,980	379	57	532	11,518
Disposals	-	-	(1,667)	(1,244)	(66)	-	-	(2,977)
Exchange difference	-	(261)	28	122	-	-	(2)	(113)
Written off	-	-	(64)	(12)	(357)	(139)	(17)	(589)
Transfer from right-of-use assets (note 14)	-	-	6,137	3,188	-	-	-	9,325
At 31 December 2021	-	13,210	59,811	29,111	3,906	2,479	3,696	112,213
Net Carrying Amount								
At 31 December 2021	25,284	150,926	11,644	2,016	1,175	181	610	191,836

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

	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
Company				
2022				
Cost				
At 1 January/31 December	2,055	758	1,937	4,750
Accumulated Depreciation				
At 1 January/31 December	2,055	758	1,937	4,750
Net Carrying Amount				
At 31 December 2022	-	-	-	-
2021				
Cost				
At 1 January/31 December	2,055	758	1,937	4,750
Accumulated Depreciation				
At 1 January 2021	2,055	758	1,936	4,749
Charge for the year	-	-	1	1
At 31 December 2021	2,055	758	1,937	4,750
Net Carrying Amount				
At 31 December 2021	-	-	-	-

(a) Revaluation

Freehold land and buildings of the subsidiaries were revalued using the open market valuation basis carried out on 1 October 2019 by a firm of independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. The valuers adopted comparison approach to arrive at their opinion of the present market value.

Under comparison approach, the value of the property is determined by comparing it with recent sales then and/or listings of similar properties in the vicinity, or if not available, within similar localities.

Certain freehold land and buildings were revalued based on the directors' estimation using the income approach. Under income approach, the value of property converts future amounts to a single discounted amount taking into account, inter alia, risk and uncertainty.

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

(a) Revaluation (cont'd)

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

Key inputs	Significant unobservable inputs	Relationship of unobservable inputs and fair value
Income approach which capitalises the actual or estimated income stream, net of projected operating costs, using a discount rate derived from capitalisation rate	Discount rate of 7.50%	The higher the discount rate, the lower the fair value
	Growth rate of 9%	The higher the growth rate, the higher the fair value
	Occupancy rate of 69%	The higher the occupancy rate, the higher the fair value

The carrying amount of land and building were adjusted to reflect the revaluations and the revaluation surpluses were credited to revaluation reserve. The revaluation reserve cannot be distributed to the shareholders due to legal restriction.

Freehold land and buildings as at 31 December 2022 are stated at fair value based on an assessment by the board of directors. Based on the assessment performed, the board of directors concluded that the existing carrying amount of the freehold land and buildings as at 31 December 2022 were not materially different from the full valuations performed in previous years.

Had the Group's land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

	2022 RM'000	2021 RM'000
Freehold land	18,414	18,578
Freehold building	138,978	136,837
	157,392	155,415

The fair value of land and buildings (at valuation) of the Group are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Freehold land	-	4,190	21,730	25,920
Freehold buildings	-	17,687	127,546	145,233
	-	21,877	149,276	171,153
2021				
Freehold land	-	3,350	21,934	25,284
Freehold buildings	-	18,199	132,727	150,926
	-	21,549	154,661	176,210

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

(a) Revaluation (cont'd)

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

Group	2022 RM'000	2021 RM'000
As at 1 January	154,661	162,355
Depreciation	(4,009)	(4,094)
Exchange differences	(1,376)	(3,689)
Transfer	-	89
As at 31 December	149,276	154,661

Policy on transfer between levels

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

Transfer between Level 1, 2 and 3 fair value

There is no transfer between Level 1, 2 and 3 fair values during the year.

(b) Security

Freehold land and buildings belong to a foreign subsidiary incorporated in Australia with a carrying amount of RM149,276,000 (2021: RM154,661,000) have been pledged to a financial institution as security for credit facilities obtained by the subsidiary.

6. INVESTMENT PROPERTIES

	Group	
	2022 RM'000	2021 RM'000
At 1 January	10,293	10,526
Reversal	-	(13)
Disposals	(480)	(220)
At 31 December	9,813	10,293

Investment properties comprise a number of commercial properties that are leased to third parties and residential properties. The subsequent renewal of the leases are negotiated with the lessees and on average renewal period of one year. No contingent rents are charged.

6. INVESTMENT PROPERTIES (CONT'D)

Valuation of investment properties

Investment properties are stated at fair value which is based on valuation carried out on 1 October 2019 by independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. The fair value of the investment property was determined using the comparison approach whereby the value of the property is determined by comparing it with recent sales then and/or listings of similar properties in the vicinity, or if not available, within similar localities.

	Group	
	2022 RM'000	2021 RM'000
At fair value:		
Freehold land	7,500	7,500
Freehold land and buildings	2,093	2,093
Leasehold land and building with unexpired lease period of more than 50 years	220	700
	9,813	10,293

Investment properties as at 31 December 2022 are stated at fair value based on an assessment by the board of directors. Based on the assessment performed, the board of directors concluded that the existing carrying amount of the investment properties as at 31 December 2022 were not materially different from the full valuations performed in previous years.

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

Group	2022 RM'000	2021 RM'000
Rental income	232	242
Direct operating expenses:		
- revenue generating properties	18	37

6. INVESTMENT PROPERTIES (CONT'D)

Fair Value Information

Fair value of investment properties are categorised as follows :

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Freehold land	-	7,500	-	7,500
Freehold land and buildings	-	2,093	-	2,093
Leasehold land and building	-	220	-	220
	-	9,813	-	9,813
2021				
Freehold land	-	7,500	-	7,500
Freehold land and buildings	-	2,093	-	2,093
Leasehold land and building	-	700	-	700
	-	10,293	-	10,293

Policy on transfer between levels

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

Transfer between Level 1, 2 and 3 fair value

There is no transfer between Level 1, 2 and 3 fair value hierarchy during the year.

7. INVENTORIES

Non-Current Assets

(a) Land Held for Property Development

Freehold land	Group 2022 RM'000	2021 RM'000
Cost		
At 1 January	12,134	12,065
Addition	73	69
At 31 December	12,207	12,134

The land held for property development amounting to RM12,207,000 (2021: RM12,134,000) have been pledged to a financial institution as security for bank facilities granted to the Group as disclosed in note 22.

7. INVENTORIES (CONT'D)

Current Assets

(a) Property Development Costs

	Group	
	2022 RM'000	2021 RM'000
- Land, at cost	10,178	31,520
- Development costs	109,476	99,435
At 1 January	119,654	130,955
Costs incurred during the year		
- Development costs	62,878	94,980
Transfer to contract cost assets (note 16)	(141,601)	(106,281)
At 31 December	40,931	119,654

Represents development costs attributable to development units that are unsold at reporting date. These costs are expected to be recovered and will be transferred to contract cost assets when the control of the development units is transferred to customers.

Development costs incurred during the year included capitalised employee benefits expense of RM185,000 (2021: RM142,000) as further disclosed in note 33.

(b) Inventories

	Group	
	2022 RM'000	2021 RM'000
Cost		
Raw materials	119	225
Finished goods	64	43
Completed properties	11,955	12,245
	12,138	12,513
Total (a) and (b)	53,069	132,167

8. INVESTMENTS IN SUBSIDIARIES

	Company 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	91,748	91,748

The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Held by the Company:				
Trans Resources Corporation Sdn. Bhd.	Malaysia	100	100	Construction
TRC Land Sdn. Bhd.	Malaysia	100	100	Property development
TRC Energy Sdn. Bhd.	Malaysia	100	100	Oil and gas
ADS Sentral Sdn. Bhd.	Malaysia	100	100	Dormant
TRC (Aust) Pty Ltd**	Australia	100	100	Investment in land development
ADS Projek Sdn. Bhd.	Malaysia	100	100	Property development
Held through subsidiaries:				
TRC (Aust) Hotel Pty Ltd**	Australia	100	100	Hotel operations activities
The Swan Synergy Unit Trust**	Australia	100	100	Investment in commercial property
TRC Development Sdn. Bhd.	Malaysia	100	100	Property development and project management
TRC Land (Cambodia) Limited*	Kingdom of Cambodia	100	100	Commercial and trading operations, property investment and construction
TRC Niaga Sdn. Bhd.	Malaysia	100	100	Manufacture and trading in concrete piles, sand and ready mixed concrete
TRC (B) Sdn. Bhd.**	Brunei Darussalam	90	90	Construction and property development
ETPJV Sdn. Bhd.**	Malaysia	51	51	Construction
Trans Handan Bridge Sdn. Bhd.	Malaysia	70	70	Construction bridges, including those for elevated highways

* The financial statements of TRC Land (Cambodia) Limited have not been audited due to exemptions given by the country of incorporation.

** Not audited by Mazars PLT.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Subsidiaries that have material non-controlling interests

The Group's subsidiaries that have material non-controlling interests ("NCI") is as follows:

Name of subsidiaries	ETPJV Sdn. Bhd.	TRC (B) Sdn. Bhd.	Others*	Total
2022				
NCI percentage of ownership and voting interest	49%	10%		
Carrying amount of NCI	6,305	1,791	356	8,452
2021				
NCI percentage of ownership and voting interest	49%	10%		
Carrying amount of NCI	6,114	(1,828)	475	4,761

* Amounts are negligible.

The summarised financial information (before intra-group elimination) for subsidiaries that has non-controlling interests that are material to the Group is as follows:

(i) Summarised statement of comprehensive income

ETPJV Sdn. Bhd.

	2022 RM'000	2021 RM'000
Revenue	197,247	163,394
Profit before tax	516	368
Income tax expense	(127)	(96)
Profit for the year	389	272
Total comprehensive income	389	272
Total comprehensive income allocated to NCI	191	133

TRC (B) Sdn. Bhd.

	2022 RM'000	2021 RM'000
Revenue	797	92
Profit/(Loss) before tax	38,529	(26,639)
Tax expense	(1,248)	-
Profit/(Loss) for the year	37,281	(26,639)
Total comprehensive income/(loss)	37,468	(26,639)
Total comprehensive income/(loss) allocated to NCI	3,747	(2,664)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Subsidiaries that have material non-controlling interests (cont'd)

(ii) Summarised statement of financial position

ETPJV Sdn. Bhd.

	2022 RM'000	2021 RM'000
Current		
Assets	71,914	99,931
Liabilities	(59,047)	(87,454)
Total net current assets	12,867	12,477
Non-current		
Assets	-	-
Liabilities	-	-
Total net non-current assets	-	-
Net assets	12,867	12,477

TRC (B) Sdn. Bhd.

	2022 RM'000	2021 RM'000
Current		
Assets	78,444	28,724
Liabilities	(60,547)	(47,077)
Total net current assets/(liabilities)	17,897	(18,353)
Non-current		
Assets	12	79
Liabilities	-	-
Total net non-current assets	12	79
Net assets/(liabilities)	17,909	(18,274)

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Subsidiaries that have material non-controlling interests (cont'd)

(iii) Summarised statement of cash flows

ETPJV Sdn. Bhd.

	2022 RM'000	2021 RM'000
Net cash (used in)/generated from operating activities	(5,084)	2,338
Net cash used in financing activity	(263)	(214)
Net (decrease)/increase in cash and cash equivalents	(5,347)	2,124
Cash and cash equivalents at beginning of the year	13,118	10,994
Cash and cash equivalents at end of the year	7,771	13,118

TRC (B) Sdn. Bhd.

	2022 RM'000	2021 RM'000
Net cash (used in)/generated from operating activities	(709)	1,700
Net cash generated from investing activity	67	111
Net (decrease)/increase cash and cash equivalents	(642)	1,811
Cash and cash equivalents at beginning of the year	3,247	1,483
Effect of exchange rate changes	211	(47)
Cash and cash equivalents at end of the year	2,816	3,247

The Group has assessed the remaining non-controlling interests in the subsidiaries of the Group and has determined that the remaining non-controlling interests are not individually material to the Group's financial position, performance and cash flows.

9. INVESTMENTS IN ASSOCIATES

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	10,118	9,576
Less: Accumulated impairment losses	(7,419)	(5,728)
	2,699	3,848
Share of post - acquisition loss:		
Share of loss of associates	(1,298)	(1,616)
Share of exchange reserve	(913)	(737)
	488	1,495

9. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of associates are as follow:

Name of associates	Country of incorporation/ Principal place of business	Equity interest 2022 %	Equity interest 2021 %	Principal activities
Delta Garden Limited*	Kingdom of Cambodia	34	34	Property development
Hexide Engineering Services Sdn. Bhd.**	Malaysia	30	30	Provision of mechanical and electrical services

* The financial statements of Delta Garden Limited have not been audited due to exemptions given by the country of incorporation.
** Not audited by Mazars PLT.

In previous year, Trans Resources Corporation Sdn. Bhd. acquired additional 29,997 shares in Hexide Engineering Services Sdn. Bhd. ("HESSB") for a total consideration of RM29,997. Following the further acquisition, the shareholdings in HESSB remain at 30%.

The summarised financial information of the material associates, not adjusted for the proportion of ownership interest held by the Group, are as follows:

	2022 RM'000	2021 RM'000
Delta Garden Limited		
Assets and liabilities:		
Total assets	16,829	15,925
Total liabilities	(26,433)	(25,014)
Results:		
Revenue	-	-
Profit for the year	-	-
Total comprehensive income for the year	-	-
Hexide Engineering Services Sdn. Bhd.		
Assets and liabilities:		
Total assets	2,666	711
Total liabilities	(1,037)	(145)
Results:		
Revenue	5,366	2,516
Profit for the year	1,063	476
Total comprehensive income for the year	1,063	476

9. INVESTMENTS IN ASSOCIATES (CONT'D)

Reconciliation of summarised financial information of material associates to the carrying amount of interest in associates is as follows:

	2022 RM'000	2021 RM'000
Delta Garden Limited		
Net liabilities	(9,604)	(9,089)
Group share of net liabilities	(3,265)	(3,090)
Goodwill	10,684	10,143
Impairment loss	(7,419)	(5,728)
Carrying amount of the Group's interest in associate	-	1,325
Hexide Engineering Services Sdn. Bhd.		
Net assets	1,629	566
Group share of net assets	488	170
Carrying amount of the Group's interest in associate	488	170
Total carrying amount of the Group's interests associates	488	1,495

The Group does not have any capital commitment or contingent liabilities in relation to its interest in the associates as at 31 December 2022 (2021: Nil).

10. INVESTMENT IN JOINT VENTURE

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	25,218	25,457
Share of post - acquisition profits, net of distribution	17,130	22,196
	42,348	47,653

The percentage of ownership interest held is equivalent to the percentage voting rights for all the joint parties, with details as follow:

Joint arrangement	Type of joint arrangement	Principal place of business/Country of incorporation	Equity interest 2022 %	Equity interest 2021 %
Springridge Partnership	Partnership	Australia	33	33

10. INVESTMENT IN JOINT VENTURE (CONT'D)

The following information is provided for joint venture that are material to the Group and is the amount per the Joint Venture's financial statements, adjusted for fair value adjustments at acquisition date and differences in accounting policies:

	2022 RM'000	2021 RM'000
BB Ngiam and KH Leong Family Trust and TRC (Aust) Pty Ltd		
Summarised statement of financial position		
Cash and cash equivalents	101	20,719
Other current assets	53,379	20,455
Non-current assets	36,730	35,549
Current liabilities	(38,950)	(329)
Non-current liabilities	(2,106)	(2,298)
Net assets	49,154	74,096
Summarised statement of comprehensive income		
Gross profit	471	29,966
Other income	17	53
Administrative expenses	(2,971)	(3,442)
Other expenses	(20)	(170)
(Loss)/Profit from continuing operations	(2,503)	26,407
Total comprehensive (loss)/income	(2,503)	26,407
Group's share of comprehensive (loss)/income	(834)	8,802
Distribution received from the joint venture	3,971	1,751

Reconciliation of summarised financial information for joint ventures accounted for using the equity method to the carrying amount of interest in joint venture is as follows:

	Group	
	2022 RM'000	2021 RM'000
Net assets of the joint venture	49,154	74,096
Fair value adjustment on the net assets of the joint venture acquired	77,902	68,877
	127,056	142,973
Proportion of ownership held by the Group	33%	33%
The Group's share of net assets of the joint venture	42,348	47,653

The Group does not have any capital commitment or contingent liabilities in relation to its interest in the joint venture as at 31 December 2022 (2021: Nil).

11. OTHER INVESTMENTS

	Group 2022 RM'000	Group 2021 RM'000
Corporate membership, at FVTPL	66	66

Fair value of corporate membership of the Group is categorised as level 2 in the fair value hierarchy. There is no transfer between levels of hierarchy during the year.

12. TRADE AND OTHER RECEIVABLES

		Group 2022 RM'000	Group 2021 RM'000
Non-current			
Other receivables		-	760
Current			
Receivables from contracts with customers			
Third parties		274,649	268,327
Related parties		1,436	1,384
Construction contracts:			
Retention sums		108,989	101,793
		385,074	371,504
Allowance for expected credit losses		(3,696)	(15,449)
	(a)	381,378	356,055
Other receivables			
Amount due from an associate	(b)	9,659	9,140
Allowance for expected credit losses		(6,450)	(2,297)
		3,209	6,843
Deposits		5,702	4,759
Prepayments		3,774	2,653
Other receivables		41,471	18,968
		54,156	33,223
Total		435,534	389,278

The movements in allowance for expected credit losses for trade and other receivables (current and non-current):

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	17,746	17,449
Net remeasurement of loss allowance	(8,653)	28
Exchange difference	1,053	269
At 31 December	10,146	17,746

12. TRADE AND OTHER RECEIVABLES (CONT'D)

		Company	
		2022	2021
		RM'000	RM'000
Current			
Other receivables			
Amounts due from subsidiaries	(c)	152,395	152,066
Allowance for expected credit losses		(988)	(988)
		151,407	151,078
Deposits		2	2
Other receivables		151	153
Total		151,560	151,233

The movements in allowance for expected credit losses for amounts due from subsidiaries:

	Company	
	2022	2021
	RM'000	RM'000
At 1 January	988	2,860
Net remeasurement of loss allowance	-	(1,872)
31 December	988	988

(a) Receivables from contracts with customers

Receivables from contracts with customers are non-interest bearing and are receivable generally on 30 to 90 (2021: 30 to 90) days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months (2021: 12 and 24 months).

	Group	
	2022	2021
	RM'000	RM'000
Ageing analysis of trade receivables		
Not past due but impaired	316,143	290,966
1 to 30 days past due not impaired	14,720	27,547
31 to 60 days past due not impaired	24,575	22,153
61 to 90 days past due not impaired	4,892	6,245
Over 90 days past due not impaired	24,744	24,593
	385,074	371,504
Impaired	(3,696)	(15,449)
	381,378	356,055

Receivables from contracts with customers that are past due at the end of the year, for which the Group has not recognised any allowance for doubtful debts, have no significant changes in their credit quality and the directors consider the amounts as recoverable.

12. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Amount due from an associate

Amount due from an associate is unsecured, non-interest bearing advances and is receivable on demand.

(c) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, non-interest bearing advances and are receivable on demand.

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022 RM'000	2021 RM'000
At 1 January	(1,950)	(4,072)
Recognised in profit or loss	9,958	2,099
Exchange differences	(152)	23
At 31 December	7,856	(1,950)
Represented by:		
Deferred tax assets	10,197	3,255
Deferred tax liabilities	(2,341)	(5,205)
	7,856	(1,950)

The Group has recognised the deferred tax assets as it is probable that its existing businesses would generate sufficient taxable profit in the future against which the deferred tax assets can be utilised.

The deferred tax assets/(liabilities) on temporary differences recognised in the financial statements are as follows:

	Group	
	2022 RM'000	2021 RM'000
Deductible/(Taxable) temporary differences:		
- Unabsorbed tax losses	9,807	1,818
- Unabsorbed capital allowance	60	31
- Excess of capital allowance claimed over accumulated depreciation on property, plant and equipment and right-of-use assets	(1,031)	(2,487)
- Revaluation surplus on properties	(3,889)	(3,902)
- Changes on fair value of investment properties	(25)	(49)
- Future deductible development cost	27	93
- Accruals	1,112	1,234
- Development profit	446	-
- Deferred revenue	1,349	1,305
- Others	-	7
	7,856	(1,950)

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

	Company	
	2022	2021
	RM'000	RM'000
At 1 January	46	113
Recognised in profit or loss	(46)	(67)
At 31 December	-	46

The deferred tax assets on temporary differences recognised in the financial statements are as follows:

	Company	
	2022	2021
	RM'000	RM'000
Unabsorbed tax losses	-	19
Unabsorbed capital allowance	-	27
	-	46

Deferred tax assets for the following temporary differences and unused tax credits are not recognised in the financial statements:

	Group	
	2022	2021
	RM'000	RM'000
Unabsorbed tax losses	23	11,609

Pursuant to the applicable tax legislation, unabsorbed tax losses will expire as follows:

	Group	
	2022	2021
	RM'000	RM'000
Year of assessment:		
Expiring in 2022	-	531
Expiring in 2027	-	11,061
Expiring in 2028	12	12
Expiring in 2031	5	5
Expiring in 2032	6	-
	23	11,609

14 RIGHT-OF-USE ASSETS

The Group as a lessee:

	Valuation		Cost					
2022	**Leasehold land RM'000**	**Leasehold buildings RM'000**	**Plant, machinery and equipment RM'000**	**Motor vehicles RM'000**	**Office equipment RM'000**	**Furniture and fittings RM'000**	**Premise RM'000**	**Total RM'000**
At 1 January 2022	781	2,825	7,424	2,270	1,058	898	577	15,833
Additions	-	-	528	1,510	7	-	-	2,045
Disposals	-	-	-	-	(46)	-	-	(46)
Exchange difference	-	-	(26)	-	(9)	(8)	-	(43)
Transfer to property, plant and equipment (note 5)	-	-	(3,032)	(1,360)	-	-	-	(4,392)
Derecognition upon expiry of lease contract	-	-	-	-	-	-	(577)	(577)
At 31 December 2022	781	2,825	4,894	2,420	1,010	890	-	12,820
Accumulated Amortisation								
At 1 January 2022	23	124	3,540	979	602	341	514	6,123
Charge for the year	10	55	1,037	406	235	125	63	1,931
Disposals	-	-	-	-	(32)	-	-	(32)
Exchange difference	-	-	(20)	-	(10)	(5)	-	(35)
Transfer to property, plant and equipment (note 5)	-	-	(1,895)	(831)	-	-	-	(2,726)
Derecognition upon expiry of lease contract	-	-	-	-	-	-	(577)	(577)
At 31 December 2022	33	179	2,662	554	795	461	-	4,684
Net Carrying Amount								
At 31 December 2022	748	2,646	2,232	1,866	215	429	-	8,136

14 RIGHT-OF-USE ASSETS (CONT'D)

The Group as a lessee: (cont'd)

2021	Valuation: Leasehold land RM'000	Valuation: Leasehold buildings RM'000	Cost: Plant, machinery and equipment RM'000	Cost: Motor vehicles RM'000	Cost: Office equipment RM'000	Cost: Furniture and fittings RM'000	Cost: Premise RM'000	Cost: Total RM'000
At 1 January 2021	870	2,825	16,771	6,072	1,083	915	577	29,113
Additions	-	-	-	-	-	5	-	5
Exchange difference	-	-	(66)	-	(25)	(22)	-	(113)
Transfer to property, plant and equipment (note 5)	(89)	-	(9,281)	(3,802)	-	-	-	(13,172)
At 31 December 2021	781	2,825	7,424	2,270	1,058	898	577	15,833
Accumulated Amortisation								
At 1 January 2021	13	69	7,187	2,817	626	370	321	11,403
Charge for the year	10	55	2,528	1,350	-	-	193	4,136
Exchange difference	-	-	(33)	-	(14)	(8)	-	(55)
Reversal	-	-	(5)	-	(10)	(21)	-	(36)
Transfer to property, plant and equipment (note 5)	-	-	(6,137)	(3,188)	-	-	-	(9,325)
At 31 December 2021	23	124	3,540	979	602	341	514	6,123
Net Carrying Amount								
At 31 December 2021	758	2,701	3,884	1,291	456	557	63	9,710

14 RIGHT-OF-USE ASSETS (CONT'D)

The Group leases leasehold land and buildings, plant, machinery and equipment, motor vehicles, office equipment, furniture and fittings and premise.

(a) Leasehold land and building

(i) Revaluation

Leasehold land and buildings of the subsidiaries were revalued using the open market valuation basis carried out on 1 October 2019 by a firm of independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. The valuers adopted comparison approach to arrive at their opinion of the present market value.

Under comparison approach, the value of the property is determined by comparing it with recent sales then and/or listings of similar properties in the vicinity, or if not available, within similar localities.

The carrying amount of land and building were adjusted to reflect the revaluations and the revaluation surpluses were credited to revaluation reserve. The revaluation reserve cannot be distributed to the shareholders due to legal restriction.

Leasehold land and buildings as at 31 December 2022 are stated at fair value based on an assessment by the board of directors. Based on the assessment performed, the board of directors concluded that the existing carrying amount of the leasehold land and buildings as at 31 December 2022 were not materially different from the full valuations performed in previous years.

Had the Group's leasehold land and buildings been measured on a historical cost basis, their carrying amounts would have been as follows:

	2022 RM'000	2021 RM'000
Leasehold land	505	515
Leasehold building	1,468	1,498
	1,973	2,013

The fair values of the leasehold land and buildings (at valuation) of the Group are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Leasehold land	-	748	-	748
Leasehold building	-	2,646	-	2,646
	-	3,394	-	3,394
2021				
Leasehold land	-	758	-	758
Leasehold building	-	2,701	-	2,701
	-	3,459	-	3,459

14 RIGHT-OF-USE ASSETS (CONT'D)

(a) Leasehold land and building (cont'd)

(i) Revaluation (cont'd)

Policy on transfer between levels

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

Transfer between Level 1, 2 and 3 fair value

There is no transfer between Level 1, 2 and 3 fair values during the year.

(ii) Security

A leasehold building of a subsidiary incorporated in Malaysia with a net carrying amount of RM1,377,000 (2021: RM1,415,000) have been charged to a financial institution as security for various credit facilities obtained by the subsidiary.

(b) Plant, machinery and equipment, motor vehicles, office equipment and furniture and fittings

The Group has leased certain assets under hire purchase arrangements with lease terms range from 3 to 5 (2021: 3 to 5) years.

Certain assets belong to a foreign subsidiary incorporated in Australia with a carrying amount of RM1,640,000 (2021: RM2,369,000) have been pledged to a financial institution as collateral for credit facilities obtained by the subsidiary.

(c) Premise

The lease of premise is typically made for periods of 3 years. The lessor does not impose any covenants.

The lease payments (of the Group and of the Company) associated to short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases.

Total cash flows for leases during the current year (including short-term and low-value assets lease payments) of the Group and of the Company amounted to RM3,817,000 and Nil (2021: RM6,681,000 and Nil) respectively.

15. CONTRACT ASSETS/LIABILITIES

		Group	
		2022 RM'000	2021 RM'000
Contract assets			
- Property development contracts	(a)	-	15,365
- Construction contracts	(b)	10,416	18,278
		10,416	33,643
Less: Expected credit loss allowance		(151)	(143)
		10,265	33,500
Contract liabilities			
- Property development contracts	(a)	8,247	-
- Construction contracts	(b)	196,211	270,195
- Advances received from customers	(c)	9,549	894
		214,007	271,089

(a) Property development contracts

	Group	
	2022 RM'000	2021 RM'000
At 1 January	15,365	16,402
Consideration payables to customers	62	1,399
Revenue recognised during the year	83,500	122,523
Progress billings issued during the year	(107,174)	(124,959)
At 31 December	(8,247)	15,365

Revenue relating to property development contracts is recognised over time, while the customers pay according to contractual milestones.

A contract asset is recognised in respect of the right to consideration for work performed which has not been billed at the reporting date.

15. CONTRACT ASSETS/LIABILITIES (CONT'D)

(b) Construction contracts

	Group	
	2022 RM'000	2021 RM'000
At 1 January	(252,060)	(116,808)
Revenue recognised during the year	258,081	401,930
Revenue recognised that was included in the contract liabilities at the beginning of the year	270,195	154,153
Progress billings issued during the year	(462,164)	(691,330)
Exchange differences	2	(5)
At 31 December	(185,946)	(252,060)
Represented by:		
Contract assets	10,416	18,278
Contract liabilities	(196,211)	(270,195)
Expected credit loss allowance	(151)	(143)
	(185,946)	(252,060)

The movements in loss allowance for contract assets:

	Group	
	2022 RM'000	2021 RM'000
At 1 January	143	138
Exchange difference	8	5
At 31 December	151	143

Revenue relating to construction contracts is recognised over time, while the customers pay according to contractual milestones.

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers for construction contract, which revenue is recognised over time during the construction activities.

(c) Advances received from customers

Represent advances received from customers for the construction works yet to be performed at the reporting date and advance deposits received on hotel rooms and sold developing units for property development project.

16. CONTRACT COST ASSETS

		Group	
		2022 RM'000	2021 RM'000
Contract cost assets			
Costs to fulfil contracts with customers	(a)	84,629	14,517
Costs to obtain contracts with customers	(b)	266	1,327
		84,895	15,844

(a) Costs to fulfil contracts with customers

	Group	
	2022 RM'000	2021 RM'000
At 1 January	14,517	18,382
Transfer from property development costs (note 7)	141,601	106,281
Cost recognised in profit or loss	(71,489)	(110,146)
At 31 December	84,629	14,517

(b) Costs to obtain contracts with customers

	Group	
	2022 RM'000	2021 RM'000
At 1 January	1,327	1,108
Costs incurred during the year	743	3,995
Cost recognised in profit or loss	(1,804)	(3,776)
At 31 December	266	1,327

Costs to obtain contracts relate to incremental commission paid to agents as a result of obtaining contracts. Management expects such costs are recoverable. These costs are amortised over the financial periods when the corresponding revenue is recognised.

Incremental costs of obtaining a contract are recognised as an expense when incurred if the amortisation period is expected to be one year or less.

17. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash on hand and at banks	35,997	66,887	52	1,666
Deposits:				
- Money market funds placed with fund managers	18,893	15,357	28	-
- Fixed deposits with licensed banks	222,805	231,715	2,864	2,831
Total	277,695	313,959	2,944	4,497

Cash at banks earn interest at floating rates based on daily bank deposit rates.

Money market funds placed with fund managers are subject to insignificant change in value. There is no varying period for money market funds as these monies are collectable on demand.

Investment in money market funds are valued with reference to the latest unit price as at the reporting date as advised by the fund manager. The fair value of the funds is classified under Level 2 of the fair value hierarchy. There is no transfer between levels of hierarchy during the year.

Fixed deposits are placed for varying periods of between one and twelve (2021: one and twelve) months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective fixed deposit rates. The weighted average effective interest rate for the Group and the Company range from 0.80% - 3.15% (2021: 1.00% - 1.90%) per annum.

Included in cash at banks of the Group are amounts of RM1,137,000 (2021: RM6,157,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1991 and are restricted from use in other operations.

Included in cash at banks of the Group are amount of RM2,268,000 (2021: RM1,126,000) maintained in Designated Bank Accounts which utilisation are restricted for the payments of principal and profit in respect of the term loan and pledged as securities for borrowing facilities as disclosed in note 22.

Deposits with other financial institutions of the Group and the Company amounting to RM126,732,000 (2021: RM174,302,000) and RM1,864,000 (2021: RM1,831,000) respectively are pledged as securities for borrowing facilities as disclosed in note 22.

For the purpose of statements of cash flow, cash and cash equivalents comprise the following as at reporting date:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	33,729	65,761	52	1,666
Money market funds placed with fund managers	18,893	15,357	28	-
Fixed deposits with licensed banks	96,073	57,413	1,000	1,000
Bank overdrafts (note 22)	(1,132)	(2,728)	-	-
Total cash and cash equivalents	147,563	135,803	1,080	2,666

18. SHARE CAPITAL

	Group/Company	
	Share capital Units	Share capital RM'000
Issued and fully paid-up ordinary shares		
2022		
At 1 January/31 December	480,497,103	240,457
2021		
At 1 January/31 December	480,497,103	240,457

19. TREASURY SHARES

	Group/Company			
	Number of shares		At cost	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
At 1 January/31 December	9,208	9,208	2,460	2,460

The treasury shares have no rights to voting, dividends or participation in other distribution.

At the Company's Annual General Meeting ("AGM") held on 22 June 2022, the Company obtained shareholders' approval on the renewal authority for the Company to purchase up to 10% of the share capital of the Company. During the year, the Company did not purchase any of its own shares and none of the treasury shares held was cancelled, sold or used for other purposes permitted under the Companies Act 2016.

As at 31 December 2022, the Company held 9,208,400 shares as treasury shares out of its total issued and paid up share capital.

20. OTHER RESERVES

	Foreign currency translation reserve RM'000	Asset revaluation reserve RM'000	Total RM'000
At 1 January 2022	(1,132)	11,846	10,714
Foreign currency translation difference in foreign operations	(1,914)	-	(1,914)
At 31 December 2022	(3,046)	11,846	8,800
At 1 January 2021	(626)	11,846	11,220
Foreign currency translation difference in foreign operations	(506)	-	(506)
At 31 December 2021	(1,132)	11,846	10,714

20. OTHER RESERVES (CONT'D)

(a) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

(b) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of the asset and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

21. RETAINED EARNINGS

The Company is able to distribute dividends out of its entire retained earnings under the single-tier system.

22. BORROWINGS

		Group	
		2022 RM'000	2021 RM'000
Non-current			
Secured:			
Market rate loan	(v)	90,733	91,591
Term loan	(iii)	3,900	4,160
Finance lease liabilities (note 25)	(iv)	2,174	3,685
		96,807	99,436
Current			
Secured:			
Bankers' acceptance	(ii)(a)	1,706	1,486
Bank overdrafts (note 17)	(i)	1,132	2,728
Revolving credit and loan	(ii)(e)	37,941	38,549
Invoice financing	(ii)(c)	13,994	2,278
Promissory note financing	(ii)(b)	-	5,000
Trust receipt	(ii)(d)	-	1,685
Market rate loan	(v)	-	2,961
Term loan	(iii)	5,200	6,240
Finance lease liabilities (note 25)	(iv)	2,725	2,603
Unsecured:			
Lease liability (note 26)		-	70
		62,698	63,600
Total borrowings		159,505	163,036

22. BORROWINGS (CONT'D)

Changes in liabilities arising from financing activities (excluding lease liability and bank overdraft):

	Group	
	2022 RM'000	2021 RM'000
At 1 January	160,238	226,112
Cash flows:		
Net repayment of loan	(2,604)	(63,905)
Interest paid	(7,488)	(9,146)
Non-cash:		
Finance cost	7,488	9,146
Exchange differences	(852)	(2,369)
Purchase of right-of-use assets via finance lease	1,591	400
At 31 December	158,373	160,238

(i) Bank overdrafts

The bank overdrafts of the subsidiaries are subject to interest at rates range from 0% to 1.5% (2021: 0% to 1.5%) per annum above the banks' base lending rates. The effective interest rates charged by the banks range from 6.45% to 8.10% (2021: 5.45% to 7.14%) per annum.

(ii) Multi trade line

a. Bankers' acceptance

The bankers' acceptance is subject to commissions at rates range from 0.70% to 1% (2021: 0.70% to 1%) per annum above the banks' cost of funds. The effective interest rates charged by the banks range from 1.94% to 4.06% (2021: 1.86% to 3.36%) per annum.

b. Promissory note financing

The promissory note financing is subject to interest rate of 0.70% (2021: 0.70%) per annum above the bank's cost of funds. The effective interest rate charged by the banks is 2.88% (2021: 2.28%) per annum.

c. Invoice financing

The invoice financing is subject to interest rate range from 0.75% to 1.10%) (2021: 0.75% to 1.10%) per annum above the bank's cost of funds. The effective interest rates charged by the banks range from 2.80% to 4.77% (2021: 2.45% to 6.10%) per annum.

d. Trust receipt

The trust receipt is subject to commissions at rate of 0.75% (2021: 0.75%) per annum above the banks' cost of funds. The effective interest rates charged by the banks range from 2.66% to 3.26% (2021: 2.61% to 2.81%) per annum.

e. Revolving credit and loan

The revolving credit and loan are subject to commissions at rate range from 0.55% to 2% (2021: 0.55% to 2%) per annum above the banks' cost of funds. The effective interest rates charged by the banks range from 3.22% to 5.15% (2021: 2.70% to 4.15%) per annum.

22. BORROWINGS (CONT'D)

(ii) Multi trade line (cont'd)

f. Other short term trade facilities - factoring

The Group has not utilised the factoring facility during the year.

All the above facilities are secured by the following:

(a) Corporate guarantee from the Company;
(b) Master/Legal deed of assignment of contract proceeds;
(c) Letter of set-off;
(d) Memorandum of deposit; and
(e) Third party first legal charge over property owned by the Group under right-of-use assets as disclosed in note 14.

(iii) Term loan

The term loan is subject to interest rate at 2.50% (2021: 2.50%) per annum above the bank's cost of funds. The effective interest rates charged by the bank range from 4.69% to 5.89% (2021: 4.67% to 4.68%) per annum.

The above facility is secured by the following:

(a) Corporate guarantee from the Company;
(b) Memorandum of deposit; and
(c) Third party first legal charge over land owned by the Group under land held for property development as disclosed in note 7.

(iv) Obligations under finance leases

These obligations are secured by a corporate guarantee from the Company and a charge over the leased assets (note 14). The average interest rate implicit in the leases ranges from 0.36% to 3.17% (2021: 1.56% to 3.73%) per annum.

(v) Market rate loan

The Corporate Market Loan is set for expiry in September 2025. It is a pure interest servicing loan and subject to change in interest rate every 3 months at interest rate of 1.25% above bank bill swap bid rate. The interest rate charged by the bank is 4.49% (2021: 2.92%) per annum.

The above facility is secured by:

(a) All present and future properties of a subsidiary incorporated in Australia under property, plant and equipment as disclosed in note 5;
(b) Term deposit of the Company;
(c) Standby Letter of Credit of AUD 3,000,000 (approximately RM8,998,000) given by the Company in favour of a foreign subsidiary; and
(d) Corporate guarantee of AUD 33,228,037 (approximately RM99,665,000) given by the Company to a foreign subsidiary.

The covenants imposed by the bank require the loan to value ratio to not exceed 50% to 52% and the interest cover ratio is not less than 1.25 to 2.5 times. The Group had met the required covenants as at reporting date.

23. PROVISIONS

Provisions of the Group is analyse as follow:

		Group	
		2022 RM'000	2021 RM'000
Non-current			
Provision for land cost	(a)	36,561	32,288
Current			
Provision for land cost	(a)	2,282	11,266
Provision for onerous contract	(b)	4,934	-
		7,216	11,266
Total		43,777	43,554

(a) The provision for land cost represents the present obligation for consideration incurred for project development contract.

	Group	
	2022 RM'000	2021 RM'000
Movement of provision for land cost:		
At 1 January	43,554	47,344
Cash flows:		
Payment during the year	(4,100)	(5,000)
Non-cash:		
Unwinding of discount	-	1,210
Effect of discount	(611)	-
At 31 December	38,843	43,554

(b) The provision for onerous contract represents the unavoidable costs of meeting the obligations under the construction contract exceed the economic benefits expected to be received under it.

24. TRADE AND OTHER PAYABLES

	Group	
	2022 RM'000	2021 RM'000
Trade payables		
Third parties	128,634	171,048
Related party	5	1,113
Amount due to associate	797	203
Accruals	33,279	25,931
	162,715	198,295
Other payables		
Other payables	19,010	15,862
Accruals	13,421	7,595
	32,431	23,457
Total	195,146	221,752

Trade payables comprise amounts outstanding from trade purchases, sub-contractors claim on contract works performed and retention sums payable. The normal credit periods granted by trade suppliers and sub-contractors range from 30 to 90 (2021: 30 to 90) days whereas retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts between 12 and 24 months.

The amount due to related party represents the amount owing to a company in which certain director's close family member has financial interests, which are trade in nature and expected to be settled within normal credit term granted.

The amount due to an associate is trade in nature and expected to be settled within normal credit term granted.

Accruals - trade mainly consist of construction costs yet to be billed by sub-contractors.

	Company	
	2022 RM'000	2021 RM'000
Other payables		
Amounts due to subsidiaries	109	1,883
Other payables	483	420
Accruals	116	147
Total	708	2,450

24. TRADE AND OTHER PAYABLES (CONT'D)

Changes in liabilities arising from amounts due to subsidiaries under financing activities:

	Company	
	2022 RM'000	2021 RM'000
At 1 January	1,883	16,061
Cash flows:		
Net repayment to subsidiaries	(1,774)	(14,178)
At 31 December	109	1,883

25. FINANCE LEASE LIABILITIES

	Group	
	2022 RM'000	2021 RM'000
Future minimum lease payments:		
Not later than one year	2,856	2,785
Later than one year but not later than two years	2,225	3,821
Total future minimum lease payments	5,081	6,606
Less: Future finance charges	(182)	(318)
Present value of finance lease liabilities	4,899	6,288
Analysis of present value of finance lease liabilities:		
Not later than one year (note 22)	2,725	2,603
Later than one year but not later than two years (note 22)	2,174	3,685
	4,899	6,288

26. LEASE LIABILITY

	Group	
	2022 RM'000	2021 RM'000
Amount due within 12 months (note 22)	-	70

The changes in lease liability (fixed lease payment) are as follow:

	Group	
	2022 RM'000	2021 RM'000
At 1 January	70	277
Non-cash:		
Lease liability interest	6	21
Cash flow:		
Lease liability principal payment	(70)	(207)
Lease liability interest payment	(6)	(21)
At 31 December	-	70

27. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers				
(i) Recognised over time				
- Construction contracts	528,276	556,083	-	-
- Property development	83,500	122,523	-	-
- Hotel room and ancillary services	19,793	23,752	-	-
- Servicing of motor vehicles	99	181	-	-
- Management fees from subsidiaries	-	-	1,975	2,468
(ii) Recognised at a point in time				
- Sales of construction materials and others	44,094	50,663	-	-
- Sales of completed properties	426	701	-	-
- Sales of foods and beverages	-	5,655	-	-
	676,188	759,558	1,975	2,468
Other revenue				
Rental of motor vehicles and heavy machineries	2,204	2,565	-	-
Dividend income	-	-	5,666	4,776
	678,392	762,123	7,641	7,244

As of 31 December 2022, the aggregate amount of the transaction price allocated to remaining performance obligations is RM928,308,000 (2021: RM1,396,300,000). The Group will recognise this amount of revenue as performance obligations are satisfied, which is expected to occur over the next 2 years.

28. COST OF SALES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Construction contracts	479,129	518,638	-	-
Purchase of construction materials and others	42,991	49,158	-	-
Property development	73,293	113,922	-	-
Cost of completed properties	281	376	-	-
Rental of motor vehicles and heavy machineries	526	899	-	-
Servicing of motor vehicles	45	98	-	-
Hotel operations	22,141	21,877	-	-
Cost of services rendered	404	165	-	-
	618,810	705,133	-	-

Construction contracts cost incurred during the year included finance costs of RM2,872,747 (2021: RM2,539,771).

29. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000 (Restated)
Gain on disposal of property, plant and equipment and right-of-use assets	1,017	420	-	-
Rental of premises	552	644	-	-
Miscellaneous	323	82	1	-
Legal and other costs recovered	7,629	-	-	-
Net unrealised gain on foreign exchange	3,291	-	-	-
Net realised gain on foreign exchange	106	409	-	2
Wages subsidy	22	1,141	-	-
	12,940	2,696	1	2

30. FINANCE INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value gain on money market fund	390	-	-	-
Dividend income from money market fund	-	271	8	-
Fixed deposit interest	4,107	3,388	53	47
Interest income - others	149	96	1	1
Interest income from receivable	14,523	-	-	-
Effect of discount on provision	611	-	-	-
Late payment interest charges	249	-	-	-
	20,029	3,755	62	48

31. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bank overdraft interest	47	848	-	-
Finance lease interest	138	193	-	-
Interest on borrowings	5,655	7,269	-	-
Lease liability interest	6	21	-	-
Commitment fee and others	1,695	1,684	2	2
Unwinding of discount on provision	-	1,210	-	-
	7,541	11,225	2	2
Less: Expensed off in cost of sales	(2,873)	(2,540)	-	-
	4,668	8,685	2	2

32. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Auditors' remuneration				
- statutory audit	491	475	80	73
Other non-audit services	5	5	5	5
Bad debts written off	-	32	-	705
Depreciation of property, plant and equipment	12,685	11,518	-	1
Property, plant and equipment written off	62	1	-	-
Short-term lease expenses for premises, vehicle, heavy machinery and equipment	3,741	6,453	-	-
Amortisation of partnership interest	67	2,542	-	-
Net unrealised loss on foreign exchange	-	1,562	-	-
Loss on disposal of investment property	162	40	-	-
Amortisation of right-of-use assets	1,931	4,136	-	-
Reversal of amortisation of right-of-use assets	-	(36)	-	-
Impairment loss on investment in associate	1,395	-	-	-

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages, salaries, allowance and other emolument	66,561	68,994	983	1,910
Social security contributions	499	493	1	3
Defined contribution plan	5,326	5,791	40	147
	72,386	75,278	1,024	2,060
Less: Capitalised in property development cost	(185)	(142)	-	-
	72,201	75,136	1,024	2,060

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM6,600,000 (2021: RM3,467,000) and RM390,000 (2021: RM365,000) respectively as further disclosed in note 34.

34. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive directors' remuneration				
- Salaries, allowances and bonus	6,045	3,181	360	336
- Other emoluments	555	286	30	29
	6,600	3,467	390	365
Non-executive directors' remuneration				
- Fees	300	315	300	315
- Allowances and other emoluments	173	246	173	246
	473	561	473	561

35. INCOME TAX EXPENSES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysian taxation				
Current tax				
Current year	11,499	7,431	174	12
(Over)/Under provision in prior years	(131)	766	262	-
	11,368	8,197	436	12
Malaysian taxation				
Deferred tax				
Current year	(3,740)	(547)	46	67
Under provision in prior years	139	34	-	-
	(3,601)	(513)	46	67
Foreign taxation				
Deferred tax				
Current year	(6,357)	(1,586)	-	-
Total income tax expenses	1,410	6,098	482	79

Current income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions are calculated at the rates prevailing in the respective jurisdictions. During the current year, the income tax rate applicable to subsidiaries in Australia is at 30% (2021: 30%) and subsidiaries in Cambodia and Brunei are at 20% and 18.5% (2021: 20% and 18.5%) respectively.

35. INCOME TAX EXPENSES (CONT'D)

A reconciliation of income tax expenses applicable to profit before tax excluding share of results of associates and joint venture at the statutory income tax rate to income tax expenses at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax (excluding share of results of associates and joint venture)	59,018	15,299	6,323	6,069
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	14,164	3,672	1,518	1,457
Effect of different tax rates in other countries	(2,727)	1,253	-	-
Under provision in prior years	8	800	262	-
Tax effects of:				
- non-taxable income	(8,016)	(580)	(1,362)	(1,596)
- non-deductible expenses	576	5,757	64	218
- special deduction	(487)	-		
Deferred tax assets not recognised	1	2,046	-	-
Utilisation of deferred tax assets not recognised previously	(2,109)	(6,850)	-	-
Income tax expenses for the year	1,410	6,098	482	79

36. EARNINGS PER SHARE

Basic and diluted earnings per share of the Group is calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Net profit attributable to equity holders of the Company (RM'000)	53,291	20,672
Weighted average number of ordinary shares in issue ('000)	471,289	471,289
Basic and diluted earnings per share (sen)	11.31	4.39

37. DIVIDENDS

	Group/Company	
	2022 RM'000	2021 RM'000
First and final single tier dividend of 1.20 sen per ordinary share in respect of the year ended 31 December 2021	5,655	-
First and final single tier dividend of 1.00 sen per ordinary share in respect of the year ended 31 December 2020	-	4,713
	5,655	4,713

At the forthcoming AGM, a provisional single tier dividend in respect of the year ended 31 December 2022 of 1.20 sen per ordinary share on 471,288,703 ordinary shares (net of treasury shares at the date of this report) amounting to a dividend payable of RM5,655,464 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2023.

38. CASH PURCHASE OF PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Addition of property, plant and equipment	1,478	841	-	-
Addition of right-of-use assets	2,045	5	-	-
Less: Financed by finance lease arrangement	(1,591)	(400)	-	-
Cash paid during the year	1,932	446	-	-

39. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to 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 or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its significant investors, subsidiaries and associates, directors and key management personnel.

39. RELATED PARTY TRANSACTIONS (CONT'D)

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions between the Group and related parties took place during the year:

(a)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Transactions with subsidiaries				
Dividend income	-	-	5,666	4,776
Management fees received/ receivables	-	-	1,975	2,468
Transaction with an associate				
Maintenance services incurred for electrical and mechanical engineering	4,744	2,833	-	-
Transaction with a director of subsidiary				
Progress billing issued for sales of development properties	205	614	-	-
Transaction with related party in which a director's close family member has financial interests				
Supply of construction materials	48	6,308	-	-
Transaction with related parties who are the close family members of a director				
Progress billing issued for sales of development properties	450	1,350	-	-

Outstanding balances in respect of the above transactions are disclosed in notes 12 and 24.

39. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Compensation of key management personnel:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(i) Executive Directors				
Salaries, allowances and bonus	6,045	3,181	360	336
Other emoluments	555	286	30	29
(ii) Other key management personnel				
Salaries, allowances and bonus	7,937	5,749	149	583
Other emoluments	647	554	12	69

The other key management personnel comprise person other than the directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

For salaried key management personnel, the Group also make contributions to the Employee Provident Fund ("EPF") as required by law.

40. CAPITAL COMMITMENT

The Group has the following commitments for the acquisition of the property, plant and equipment:

	2022 RM'000	2021 RM'000
Approved and not contracted for:		
Plant and machinery	898	-

41. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

The following tables provide an analysis of financial instruments categorised as follows:

Group	At amortised cost 2022 RM'000	At amortised cost 2021 RM'000
Financial assets		
Trade and other receivables	431,760	387,385
Deposits, cash and bank balances	258,802	298,602
	690,562	685,987
Financial liabilities		
Trade and other payables	195,146	221,752
Borrowings	159,505	163,036
	354,651	384,788

Group	At fair value through profit or loss 2022 RM'000	At fair value through profit or loss 2021 RM'000
Financial assets		
Money market funds placed with fund managers	18,893	15,357
Other investments	66	66
	18,959	15,423

Company	At amortised cost 2022 RM'000	At amortised cost 2021 RM'000
Financial assets		
Other receivables and deposits	151,560	151,233
Deposits, cash and bank balances	2,916	4,497
	154,476	155,730

41. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

Company	At amortised cost 2022 RM'000	At amortised cost 2021 RM'000
Financial liability		
Other payables and accruals	708	2,450

Company	At fair value through profit or loss 2022 RM'000	At fair value through profit or loss 2021 RM'000
Financial assets		
Money market funds placed with fund managers	28	-

(b) Fair values of financial instruments

Fair value is defined as the amount for which the financial instruments could be exchanged in a current transaction between knowledgeable and willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The carrying amounts of financial instruments reported in the financial statements approximate their fair values due to the relatively short-term maturity or related interests are at market rate on these financial instruments.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing director. The audit committee provides independent oversight to the effectiveness of the risk management process.

There is no significant change to the Group's exposure to financial risks or the manner in which these risks are managed and measured.

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

(i) Interest rate risk

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

The Group exposes to interest rate risk primarily from its borrowings and bank deposits. The borrowings and bank deposits are subject to fluctuation in the bank's base lending rates.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Interest rate risk (cont'd)

Management monitors the interest rate risk exposure regularly to align its risk exposure and defined risk appetite, ensuring significant adverse impact on the Group's financial performance due to changes in interest rates is mitigated.

The interest rate profile of the Group's and the Company's interest bearing financial instruments based on the carrying amounts as at the end of the reporting period is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed rate instruments				
Financial liabilities	4,899	6,358	-	-
Floating rate instruments				
Financial assets	222,805	231,715	2,864	2,831
Financial liabilities	154,606	156,678	-	-

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 5 basis points lower/higher, with all variables held constant, the Group's profit after tax would have been RM259,000 (2021: RM285,000) higher/lower, arising mainly as a result of lower/higher interest expense from floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

The financial impact arising from changes in interest rate is not significant to the Company, accordingly, the sensitivity analysis has not been presented.

(ii) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from all the financial assets and contract assets. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective are to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position with positive fair values.

Contract assets

None of the contract assets at the reporting date is past due. Management does not expect any credit loss based on their assessment at the reporting date except the expected credit loss provided in note 15.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Credit risk (cont'd)

Financial assets that are not past due but impaired

Information regarding trade and other receivables that are not past due but impaired is disclosed in note 12. Deposits with banks and other financial institutions are placed with reputable financial institutions with high credit ratings and no history of default.

Information about major customers

There is no significant concentration of revenue from any major customers as the Group sells its development properties to individual end purchasers and no single concentrated customers in construction activities.

Financial guarantees

The Company is exposed to credit risk in relation to unsecured financial guarantees given to banks in respect of bank borrowings granted to subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Advances to subsidiaries and associates

Exposure to credit risk arising from unsecured advances to subsidiaries and associates is managed through credit evaluation and ongoing monitoring of credit quality of the subsidiaries and associates.

Management assessed the credit risk in respect of advances to subsidiaries and associates with reference to the financial capability and probability of default.

Impairment for receivables from subsidiaries and associates are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in note 3(l).

(iii) Liquidity and cash flow risks

Liquidity and cash flow risks is the risk that the Group and the Company will encounter difficulty in meeting their financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity and cash flow risks arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the bank borrowings and internally generated funds.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Liquidity and cash flow risks (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount RM'000	Within one year RM'000	One to five years RM'000	Total RM'000
Group				
2022				
Trade and other payables	195,146	195,146	-	195,146
Borrowings	159,505	68,104	105,448	173,552
Total	354,651	263,250	105,448	368,698
2021				
Trade and other payables	221,752	221,752	-	221,752
Borrowings	162,966	67,828	109,404	177,232
	384,718	289,580	109,404	398,984
Lease liability	70	76	-	76
Total	384,788	289,656	109,404	399,060

	Carrying amount RM'000	Within one year RM'000	One to five years RM'000	Total RM'000
Company				
2022				
Other payables and accruals	708	708	-	708
2021				
Other payables and accruals	2,450	2,450	-	2,450

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Liquidity and cash flow risks (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

The table below summarised issued financial guarantee contracts of the Company, which represent the maximum amounts of the guarantees, and is allocated to the earliest period in which the guarantees could be called. However, based on circumstances at the end of the period, the directors do not foresee the guarantees will be called.

	On demand or within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
Company				
2022				
Financial guarantee contracts	66,629	177,942	-	244,571
2021				
Financial guarantee contracts	30,591	216,333	-	246,924

(iv) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in foreign exchange rates.

The Group holds bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD"), Singapore Dollar ("SGD"), European Dollar ("EUR") and Brunei Dollar ("BND").

The exposure to foreign currency exchange risk is as follow:

Group	Denominated in		
	USD RM'000	SGD RM'000	EUR RM'000
2022			
Deposit and bank balances	4,638	867	2
Other payables	-	(81)	-
Net exposure	4,638	786	2
2021			
Bank balances	28	860	2
Other payables	-	(374)	-
Net exposure	28	486	2

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iv) Foreign currency exchange risk (cont'd)

Sensitivity analysis for foreign currency exchange risk

Below demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against RM, with all other variables held constant, of the Group's profit after tax. A 10% strengthening of the RM against the following currencies at the end of the reporting period would have increased profit after tax by the amount shown below and a corresponding decrease would have an equal but opposite effect.

	Group	
	2022 RM'000	2021 RM'000
USD	352	2
SGD	60	37
EUR	*	*
Increase in profit before tax	412	39

The sensitivity analysis is unrepresentative of the inherent interest rate risk as the year-end exposure does not reflect the exposure during the year.

* The amounts are negligible.

43. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using a gearing ratio. This ratio is calculated as total net debt divided by total capital. Total debt is calculated as the sum of the short term and long term borrowings as shown in the statements of financial position.

43. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company did not maintain specific policy on the capital management. The Group and the Company include within net cash, borrowings less deposits, cash and bank balances. Total capital includes equity attributable to the equity holders of the Company and non-controlling interests.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Borrowings	159,505	163,036	-	-
Less: Deposits, cash and bank balances	(277,695)	(313,959)	(2,944)	(4,497)
Net cash	(118,190)	(150,923)	(2,944)	(4,497)
Equity attributable to the equity holders of the Company	496,004	450,282	245,277	245,091
Non-controlling interests	8,452	4,761	-	-
Total capital	504,456	455,043	245,277	245,091
Gearing ratio	-	-	-	-

44. SEGMENTAL INFORMATION

The Group's reportable segments, as described below, are the Group's strategic business units. The strategic business units offer different services and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. Other business units are reported as "others". The following summary describes the operations in each of the Group's reportable segments.

* Construction activities	The construction contracts, sales of construction related materials, rendering of construction related services and others
* Property development	The development of residential properties
* Hotel operations	The hotel related operations
* Others	Investment holdings

Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment asset is measured based on all assets of a segment and is used to measure the return of assets of each segment.

44. SEGMENTAL INFORMATION (CONT'D)

Operating segment information for the current year is as follows:

2022	Construction activities RM'000	Property development RM'000	Hotel operations RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue						
External revenue	574,673	83,926	19,793	-	-	678,392
Inter-segment revenue	221,194	-	12,210	7,641	(241,045)	-
	795,867	83,926	32,003	7,641	(241,045)	678,392
Results						
Segment operating profit/(loss)	67,057	4,991	(2,510)	(6,973)	(18,908)	43,657
Share of profits of associates						318
Share of loss of joint venture						(834)
Finance costs						(4,668)
Finance income						20,029
Profit before tax						58,502
Income tax expenses						(1,410)
Net profit for the year						57,092

44. SEGMENTAL INFORMATION (CONT'D)

Operating segment information for the current year is as follows: (cont'd)

	Construction activities RM'000	Property development RM'000	Hotel operations RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Other information						
Segment assets	890,089	298,708	185,841	364,906	(655,901)	1,083,643
Investments in associates	488	-	-	-	-	488
Investment in joint venture	-	-	-	42,348	-	42,348
Consolidated total assets						1,126,479
Segment liabilities	836,691	245,114	174,053	133,509	(767,344)	622,023
Consolidated total liabilities						622,023
Capital expenditure	3,468	35	20	-	-	3,523
Allowance for expected credit loss	-	-	-	7,770	-	7,770
Impairment loss of investment in an associate	-	-	-	4,063	(2,668)	1,395
Depreciation of property, plant and equipment	8,387	168	4,123	-	7	12,685
Amortisation of right-of-use assets	1,126	81	724	-	-	1,931
Amortisation of partnership interest	-	-	-	67	-	67
Reversal of allowance for expected credit loss	(16,423)	-	-	-	-	(16,423)
Other material non-cash items	(3,705)	(131)	(10)	(229)	(9)	(4,084)

44. SEGMENTAL INFORMATION (CONT'D)

Operating segment information for the prior year is as follows: (cont'd)

2021	Construction activities RM'000	Property development RM'000	Hotel operations RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue						
External revenue	609,492	123,224	29,407	-	-	762,123
Inter-segment revenue	181,448	67	12,390	7,245	(201,150)	-
	790,940	123,291	41,797	7,245	(201,150)	762,123
Results						
Segment operating profit	599	3,129	7,409	1,068	8,024	20,229
Share of profits of associates						140
Share of profits of joint venture						8,802
Finance costs						(8,685)
Finance income						3,755
Profit before tax						24,241
Income tax expenses						(6,098)
Net profit for the year						18,143

44. SEGMENTAL INFORMATION (CONT'D)

Operating segment information for the prior year is as follows: (cont'd)

	Construction activities RM'000	Property development RM'000	Hotel operations RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Other information						
Segment assets	872,573	260,664	192,168	327,181	(538,647)	1,113,939
Investments in associates	170	-	-	1,325	-	1,495
Investment in joint venture	-	-	-	47,653	-	47,653
Consolidated total assets						1,163,087
Segment liabilities	618,358	210,823	183,901	139,134	(444,172)	708,044
Consolidated total liabilities						708,044
Capital expenditure	853	20	5	-	(32)	846
Depreciation of property, plant and equipment	6,976	431	4,116	1	(6)	11,518
Amortisation of right-of-use assets	3,927	209	-	-	-	4,136
Amortisation of partnership interest	-	-	-	2,542	-	2,542
Reversal of amortisation right-of-use assets	-	-	(36)	-	-	(36)
Other material non-cash items	(437)	40	-	4,158	(2,518)	1,243

44. SEGMENTAL INFORMATION (CONT'D)

Geographical Segments

	Malaysia RM'000	Australia RM'000	Brunei RM'000	Cambodia RM'000	Total RM'000
2022					
Revenue	658,599	19,793	-	-	678,392
Non-current assets	60,502	193,239	12	-	253,753
2021					
Revenue	732,623	29,407	93	-	762,123
Non-current assets	66,943	204,774	79	1,325	273,121

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position.

	2022 RM'000	2021 RM'000
Property, plant and equipment	180,761	191,836
Inventories	12,207	12,134
Investment properties	9,813	10,293
Investments in associates	488	1,495
Investment in joint venture	42,348	47,653
Right-of-use assets	8,136	9,710
	253,753	273,121

The construction activities, property development, hotel operations and others segments are managed on a worldwide basis. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments, other investments and deferred tax assets.

44. CESSATION BUSINESS OF A SUBSIDIARY

In previous year, Swan Synergy Developments Pty Ltd, a wholly-owned subsidiary of TRC (Aust) Pty Ltd ("TRCA"), had ceased business operations and cancelled its Business Registration with effect from 1 February 2021. The Notice of Cancellation of Business Registration from the Australian Business Register dated 23 February 2021 was received by the Company on 3 March 2021. No material impact on the deregistration of Swan Synergy Developments Pty Ltd to the Group.

45. LITIGATION

Arbitration proceedings against The Brunei Economic Development Board

Trans Resources Corporation Sdn Bhd ("TRC") had jointly with Swee Sdn. Bhd. ("Plaintiffs") entered into an agreement with The Brunei Economic Development Board ("BEDB" or the "Defendant") to undertake Modernisation of Brunei International Airport Terminal project. The said project was duly completed and handed over in 2015.

BEDB had made claims for liquidated damages totaling RM53,741,000 (BND16,344,000) from TRC. Subsequently, TRC has submitted a statement of final account of RM66,693,000 (BND20,283,287) including claims for prolongation and delays to BEDB. Both TRC and BEDB are disputing each other's claim.

BEDB had on 23 October 2017 called for the performance bond issued by the Plaintiffs, amounted to RM42,745,000 (BND13,000,000).

On 16 March 2018, TRC served an Originating Summon issued by the High Court of Brunei Darussalam to recover approximately RM42,745,000 (BND13,000,000) together with interest and costs to BEDB.

The High Court of Brunei had on 25 August 2018 affirmed the Defendant's application for an order to stay all proceedings in the High Court and simultaneously for the Plaintiffs, to follow the contractual provision leading to an arbitration of the dispute.

On 29 January 2020, with the above decision, TRC upon consultation with its legal counsel, had commenced arbitration proceedings (as the 1st Claimant) at Singapore International Arbitration Centre ("Tribunal") to resolve its disputes with BEDB.

The arbitration trial was duly covered in early November 2021 and all parties have submitted their case submission in January 2022.

On 21 January 2023, TRC had received the Final Award dated 16 January 2023 from the Tribunal, where the Tribunal has issued the following orders for TRC as 1st Claimant:

(a) That BEDB is not entitled to levy any liquidated damages under the contract;

(b) That BEDB shall within 14 days of the Final Award pay to the Claimants the following sums:

   (i) RM42,745,000 (BND13,000,000) together with simple interest at the rate of 5.33% per annum from 23 October 2017 until the date of full payment;

   (ii) RM10,983,000 (BND3,344,000) together with simple interest at the rate of 5.33% per annum from 23 May 2018 until the date of full payment;

   (iii) RM7,382,000 (SGD2,248,000) being the legal and other costs awarded to the Claimants. If the sum of RM7,382,000 (SGD2,248,000) is not paid within 14 days of the Final Award, simple interest at the rate of 5.33% per annum shall be payable immediately thereafter until the date of full payment;

   (iv) RM247,000 (SGD75,000) being BEDB's share of the Claimants' costs of arbitration. If the sum of RM247,000 (SGD75,000) is not paid within 14 days of the Final Award, simple interest at the rate of 5.33% per annum shall be payable immediately thereafter until the date of full payment;

(c) The Claimants' claim for Prolongation Cost is dismissed; and

(d) All other requests, reliefs and claims are hereby dismissed.

Subsequent to the year end, TRC had received a payment of RM75,790,000 (SGD23,050,000) from BEDB and the Group has treated the transaction as an adjusting event.

46. CHANGE IN COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with current year's presentation.

Impact on Statements of Comprehensive Income for the Year Ended 31 December 2021

	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Group			
Administrative expenses	(39,041)	28	(39,013)
Allowance for expected credit loss on trade and other receivables	-	(28)	(28)
Company			
Other income	1,874	(1,872)	2
Reversal of allowance for expected credit loss on receivables	-	1,872	1,872

47. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the board of directors on 19 April 2023.

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

We, Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin and Dato' Abdul Aziz Bin Mohamad, being two of the directors of TRC Synergy Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 83 to 172 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and financial performance and cash flows of the Group and of the Company for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the directors in accordance with a directors' resolution.

TAN SRI DATO' SRI SUFRI BIN HJ MOHD ZIN
Director

DATO' ABDUL AZIZ BIN MOHAMAD
Director

Kuala Lumpur

19 April 2023

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

I, Lee Gaik Siew, being the officer primarily responsible for the financial management of TRC Synergy Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 83 to 172 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared
by the abovenamed
Lee Gaik Siew
at Kuala Lumpur
in the Federal Territory
on this 19 April 2023

LEE GAIK SIEW
Chartered Accountant
MIA No.: 13839

Before me:

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

No.	Location	Tenure	Description/ Existing Use	Approx. Age of Buildings	Land Area/ Build Up Area	Net Book Value 31/12/2022 RM	Date of Valuation
1.	Lot No. 3626 Section 16 Kuching Central Land District Sarawak	60-year leasehold expiring 18/4/2059	4-storey Shop/Office	26 years	2,214.2 sq ft/ 8,856.8 sq ft	1,376,663	1/10/2019
2.	Lot No. 0031281 Mukim of Ampangan District of Seremban Negeri Sembilan	99-year leasehold expiring 18/9/2095	Agriculture Land	-	3.651 hectares	574,201	1/10/2019
3.	Developer's Parcel No. 47(218) First and Second Floors of an Intermediate 4-storey Shop/Office building Taman Melawati Metro 1 Phase 4 Town Centre Selangor	Freehold	First and Second Floors Of 4-storey Shop/Office	34 years	1,550.0 sq ft each	828,452	1/10/2019
4.	Idaman Senibong Apartment Taman Bayu Senibong Johor Bahru, Johor	Leasehold expiring 21/1/2097	Apartment	17 1/2 years	807.29 sq ft	220,000	1/10/2019
5.	HS(D) 317221 PTD 163201 Mukim of Plentong District of Johor Bahru State of Johor	Leasehold expiring 21/1/2097	Tapak Perkhemahan	-	0.173 hectares	172,435	-
6.	A part of HS(D) 310780 PTD 158256 Mukim of Plentong District of Johor Bahru State of Johor	Freehold	Residential Land	-	27.636 acres	12,207,160	-
7.	Mukim 2908 Lot 2265 Mukim Dengkil Daerah Sepang Selangor Darul Ehsan	Freehold	Residential Land	-	2.6052 hectares	4,189,969	1/10/2019
8.	Shop Office & Corporate Building TRC Business Centre Jalan Andaman Utama 68000 Ampang Selangor Darul Ehsan	Freehold	Shop Office	14 years	Varying from 23,250 sq ft, 16,759.41 sq ft, 1,238 sq ft, 1,324 sq ft, 1,335 sq ft,1,464 sq ft, 1,475 sq ft & 1,722 sq ft	19,149,614	1/10/2019
9.	Geran 314188 Lot 73971 Mukim Sungai Buloh Daerah Petaling Negeri Selangor	Freehold	-	9 years	0.6946 hectares	7,500,000	1/10/2019

No.	Location	Tenure	Description/ Existing Use	Approx. Age of Buildings	Land Area/ Build Up Area	Net Book Value 31/12/2022 RM	Date of Valuation
10.	588, Swan Street Richmond,Melbourne Australia	Freehold	5-storey Hotel With An Additional Two Levels Of Basement Car Park	3 1/2 year	3,209 sq meters	149,183,734	25/7/2019
11.	4 Units of Office Building Impian Senibong Residences Taman Bayu Senibong Johor Bahru	Leasehold expiring 21/1/2097	Office Building	5 years	1,158 sq ft each	1,270,027	1/10/2019

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

Fully Paid-Up Capital	:	RM 240,248,551.50
Issued Share Capital	:	480,497,103 shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Ordinary Share
No. of Shareholders	:	3,558

DISTRIBUTION OF SHAREHOLDINGS
(As at 31 March 2023)

Category	No. of Holders	%	No. of Shares	%
Less than 100	140	3.94	5,043	0.00
100 - 1,000	358	10.06	171,180	0.04
1,001 - 10,000	1,530	43.00	9,112,247	1.90
10,001 - 100,000	1,310	36.82	43,835,624	9.12
100,001 and less than 5% of issued shares	216	6.07	217,323,188	45.23
5% and above of the issued shares	4	0.11	210,049,821	43.71
Total	**3,558**	**100.00**	**480,497,103**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS
(As at 31 March 2023)

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Kolektif Aman Sdn Bhd	65,241,600	13.84	-	-
2.	TRC Capital Sdn Bhd	59,553,600	12.64	-	-
3.	Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin	50,480,217	10.71	124,795,200*	26.48
4.	Dato' Leong Kam Heng	46,584,276	9.88	-	-
5.	Khoo Tew Choon	37,584,404	7.97	-	-

\# Excluding a total of 9,208,400 shares bought-back by the Company and retained as treasury shares
* Deemed interested by virtue of his shareholdings in Kolektif Aman Sdn Bhd and TRC Capital Sdn Bhd

DIRECTORS' INTEREST IN SHARES
(As at 31 March 2023)

		Direct		Indirect	
No.	Name	No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Sufri Bin Hj Mohd Zin	50,480,217	10.71	124,795,200*	26.48
2.	Dato' Abdul Aziz Bin Mohamad	8,011,497	1.70	124,795,200*	26.48
3.	Dato' Richard Khoo Teng San	11,635,497	2.47	-	-
4.	Tan Sri Dr Ahmad Kamarulzaman Ahmad Badaruddin	600,000	0.13	-	-
5.	Dato' Sr. Abdull Manaf Bin Hj Hashim	25,000	0.00	-	-

\# Excluding a total of 9,208,400 shares bought-back by the Company and retained as treasury shares
* Deemed interested by virtue of his shareholdings in Kolektif Aman Sdn Bhd and TRC Capital Sdn Bhd

LIST OF 30 LARGEST SHAREHOLDERS
(As at 31 March 2023)

NO	NAME OF SHAREHOLDER	SHARES	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOLEKTIF AMAN SDN BHD	65,241,600	13.84
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRC CAPITAL SDN BHD	59,553,600	12.64
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUFRI BIN MHD ZIN	48,320,217	10.25
4.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KHOO TEW CHOON	36,934,404	7.84
5.	HLB NOMINEES (TEMPATAN) SDN BHD LEONG KAM HENG (CUST.SIN 10678)	23,920,356	5.08
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG KAM HENG	22,663,920	4.81
7.	NGIAM BUEY BUEY	19,557,787	4.15
8.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	13,054,400	2.77
9.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHIN MUN	9,685,300	2.05
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	8,194,500	1.74
11.	RICHARD KHOO TENG SAN	7,496,757	1.59
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDEND FUND BOARD	6,314,200	1.34
13.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP YON TAI	5,658,437	1.20
14.	ABDUL AZIZ BIN MOHAMAD	5,142,816	1.09
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	4,314,200	0.91
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RICHARD KHOO TENG SAN (MY3062)	4,101,300	0.87
17.	LIM CHIN SENG	3,041,900	0.64
18.	CHOONG KEAN LEANG	2,858,100	0.61
19.	OOI CHIN SENG	2,635,540	0.56
20.	LEE KOWI ENG	2,355,200	0.50
21.	TAN SRI DATO' SRI SUFRI BIN MHD ZIN	2,160,000	0.46
22.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	1,937,800	0.41
23.	ABDUL AZIZ BIN MOHAMAD	1,868,681	0.40
24.	KHOO TING HOCK	1,690,000	0.36
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN HOOI	1,670,200	0.35
26.	YEM CHIU HISA	1,515,744	0.32
27.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FO TAN CHIN HOOI (E-BMM)	1,325,100	0.28
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR L.LAKSHMANAN A/L V.LAKSHMANAN	1,304,500	0.28
29.	CHEE SHIH YEE	1,287,900	0.27
30.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LU YIENG LUNG (KUCHING-CL)	1,261,700	0.27
	TOTAL	**367,066,159**	**77.88**

Note: Excluding a total of 9,208,400 shares bought-back by the Company and retained as treasury shares

NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Sixth Annual General Meeting of TRC Synergy Berhad (Registration No. 199601040839 (413192-D)) ("**the Company**") will be held **virtually** at the **broadcast** venue at **Board Room, 8th Floor, TRC Business Centre, Jalan Andaman Utama, 68000 Ampang, Selangor** on **Tuesday**, the **20th June, 2023** at **10.30 a.m.** for the purpose of transacting the following businesses:-

A G E N D A

AS ORDINARY BUSINESS

1.	To receive and adopt Audited Financial Statements, Report of the Directors and Report of the Auditors thereon for the year ended 31st December 2022.	***(Please refer to Note 2)***
2.	To approve the payment of first and final single tier dividend of 1.20 sen per share for the year ended 31st December 2022. *(Please refer to Note 4)*	**Ordinary Resolution 1**
3.	To approve the payment of Directors' fees in respect of the financial year ended 31st December 2022. *(Please refer to Note 5)*	**Ordinary Resolution 2**
4.	To approve the payment of Directors' benefits (other than Directors' fees) to Non-Executive Directors in respect of the financial year ended 31st December 2022. *(Please refer to Note 6)*	**Ordinary Resolution 3**
5.	To re-elect YBhg Tan Sri Dato' Sri Sufri bin Hj Mohd Zin who shall retire as Director of the Company pursuant to Articles 84 of the Company's Articles of Association.	**Ordinary Resolution 4**
6.	To re-elect YBhg Dato' Richard Khoo Teng San who shall retire as Director of the Company pursuant to Articles 84 of the Company's Articles of Association.	**Ordinary Resolution 5**
7.	To re-elect YBhg Dato' Abdul Aziz bin Mohamad who shall retire as Director of the Company pursuant to Articles 84 of the Company's Articles of Association.	**Ordinary Resolution 6**
8.	To re-appoint Mazars PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 7**

SPECIAL BUSINESS

To consider and if thought fit, to pass the following ordinary resolution, with or without modification:-

9. **Authority to allot shares pursuant to Section 75 and 76 of the Companies Act, 2016 and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016 and Clause 53 of the Company's Constitution.** *(Please refer to Note 7)* — **Ordinary Resolution 8**

   "**THAT** subject always to the Companies Act, 2016 ("**the Act**"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other governmental/regulatory authorities, the Directors of the Company be and are hereby empowered, pursuant to Section 75 and 76 of the Act, to allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being **AND THAT** the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities **AND FURTHER THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT in connection with the above, pursuant to Section 85 of the Companies Act 2016 read together with Clause 53 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares in the Company and such new shares when issued, to rank pari passu with existing issued shares in the Company."

10. **Proposed renewal of authority for the company to purchase its own shares** **Ordinary Resolution 9**
(Please refer to Note 8)

"**THAT** subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 ("**Act**"), provisions in the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**MMLR**") and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of the company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company **PROVIDED THAT**:-

(1) the aggregate number of shares purchased does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;
(2) the maximum fund to be allocated by the Company for the purpose of purchasing such number of ordinary shares shall not exceed the retained profit account of the Company. As at the financial year ended 31st December 2022, the audited retained profit of the Company stood at RM7,279,975.19;
(3) The renewal of authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:-
    (a) at the conclusion of the next AGM of the Company following the general meeting in which the authorization is obtained, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions; or
    (b) the expiration of the period within which the next AGM of the Company is required by law to be held; or
    (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting.

whichever occurs first;

AND THAT upon completion of the purchase(s) of the ordinary shares of the Company, the Directors of the Company be and are hereby authorised to deal with the ordinary shares so purchased in the following manners:-

(a) to cancel the ordinary shares so purchased; or
(b) to retain the ordinary shares so purchased as treasury shares for distribution as dividend to shareholders and/or resell on Bursa Securities or subsequently cancel; or
(c) to retain part of the ordinary shares so purchased as treasury shares and cancel the remainder; and
(d) in any other manner prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to act and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect to the aforesaid share buy-back with full powers to assent to any conditions, modifications, variations, and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Board may deem fit and expedient in the best interest of the Company."

11. To transact any other business of which due notice shall be given in accordance with the Articles of Association of the Company and the Companies Act, 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN, that a first and final dividend of 1.20 sen per share in respect of the financial year ended 31st December 2022 will be paid on 14th July 2023 to shareholders whose names appear on the Company's Register of Depositors on 30th June 2023.

A Depositor shall qualify for entitlement to the dividend only in respect:-

a) Shares transferred into the Depositor's Securities Account before 4.30pm on 30th June 2023 in respect of ordinary transfers; and

b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

ABDUL AZIZ MOHAMED (LS 007370)
Secretary

Selangor Darul Ehsan
28th April 2023

Notes:

1. **This is a fully virtual AGM. No shareholders/proxies are allowed to present at the broadcast venue. You have to register online https://vps.megacorp.com.my/USyRWh. Please refer to the Administrative Guide for online registration.**

2. **Audited Financial Statements for the Year Ended 31st December 2022**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting by shareholders of the Company.

3. **Appointment of Proxies**

   a. A proxy may but need not be a member of the Company.
   b. To be valid the proxy form duly completed must be deposited at the at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or by email to AGM-support.TRC@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
   c. A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at the meeting.
   d. A member holding more than one thousand (1,000) ordinary shares may appoint up to two (2) proxies to attend and vote at the meeting.
   e. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
   f. Where a member is an authorised nominee as defined under the Central Depositories Act, 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.
   g. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
   h. Only members whose names appears in the Record of Depositors as at 13th June 2023 will be entitled to attend and vote at the meeting.

4. Dividend Payment (Ordinary Resolution No. 1)

With reference to Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 19th April 2023 the Board of Directors had considered the amount of dividend and decided to recommend the same for the shareholders' approval.

5. Payment of Directors Fees to the Non-Executive Directors (Ordinary Resolution No. 2)

Section 230(1) of the Companies Act 2016 provides amongst others that the fees of the directors payable to the directors of a listed company shall be approved at a general meeting. During the financial year ended 31st December 2022, the Company has paid RM300,000.00 as Directors' fees to its Non-Executive Directors.

6. Payment of Directors' Benefits (excluding Directors' Fees) to the Non-Executive Directors (Ordinary Resolution No. 3)

The Company is seeking shareholders' approval for the following payments of benefits to its Non-Executive Directors pursuant to Section 230(1) of the Companies Act 2016:-

Chairman to the Board of Directors	RM62,000.00
Chairman to the Audit and Risk Management Committee	RM40,000.00
Other emoluments	RM5,124.06
TOTAL	**RM107,124.06**

7. Authority for allotment of shares and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016 and Clause 53 of the Company's Constitution (Ordinary Resolution No. 8)

The proposed Ordinary Resolution No. 8 is a renewal of the General Mandate for the Directors to allot shares pursuant to Section 75 and 76 of the Companies Act, 2016 and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016 and Clause 53 of the Company's Constitution.

The proposed Ordinary Resolution No. 8, if passed, will authorize the Directors of the Company, from the date of the above Annual General Meeting, to allot shares up to ten per centum (10%) of the issued and paid-up capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. By voting in favour of Ordinary Resolution No.8, shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Companies Act 2016 and read together with Clause 53 of the Company's Constitution over all new shares to be allotted and issued by the Directors pursuant to this mandate.

As at the date of this Notice, no new shares in the Company were allotted pursuant to the authority granted to the Directors at the Twenty Fifth Annual General Meeting held on 22nd June 2022 and which will lapse at the conclusion of the Twenty Sixth Annual General Meeting to be held on 20th June 2023.

The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

The rationale for this resolution is to eliminate the need to convene separate general meeting(s) from time to time to seek Shareholder approval as and when the Company issues new shares and thereby reducing administrative time and costs associated with the convening of such meeting(s).

8. Proposed renewal of authority for the Company to purchase its own shares (Ordinary Resolution No. 9)

The proposed adoption of the Ordinary Resolution No. 9 is to renew the authority granted by the shareholders of the Company at the Annual General Meeting held on 22nd June 2022 to empower the Directors of the Company to purchase not more than 10% of the issued and paid-up share capital of the Company for the time being, for such purposes as they consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company. Further information is set out in the Share Buy-Back Statement dated 28th April 2023 which is dispatched together with the Notice of the Twenty Sixth Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

FURTHER DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION

No Directors will stand for election during the Twenty-Sixth Annual General Meeting.

STATEMENT RELATING TO GENERAL MANDATE FOR ISSUANCE OF SECURITIES

The proposed adoption of Ordinary Resolution No 8 as detailed out in the Notice of Meeting is for the purpose of seeking a renewal for the general mandate to empower the Directors of the Company pursuant to Section 75 and 76 of the Companies Act, 2016, and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016 and Clause 53 of the Company's Constitution from the date of the above Meeting, to allot ordinary shares of not more than ten percent (10%) from the unissued share capital of the Company for such purposes as the Directors of the Company consider would be in the interest of the Company. By voting in favour of Ordinary Resolution No.8, shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Companies Act 2016 and read together with Clause 53 of the Company's Constitution over all new shares to be allotted and issued by the Directors pursuant to this mandate.

This authority will, unless revoked or varied at a General Meeting, expire at the conclusion of the next Annual General Meeting of the Company. This authority will provide flexibility and enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

As at the date of this Notice, no new shares in the Company were issued under the provision of the general mandate granted to the Directors at the Twenty-Fifth Annual General Meeting held on 22nd June 2022 and which will lapse at the conclusion of the Twenty Sixth Annual General Meeting to be held on 20th June 2023. Hence, no proceeds were raised therefrom.

PROXY FORM

TRC SYNERGY BERHAD
199601040839 (413192-D)
(Incorporated in Malaysia)

No. of Ordinary Shares held

I/We, ______________________________ of ______________________________

____

being a member/members of the above-named Company, hereby appoint:

Name	Email Address	Mobile No.	NRIC/Passport	% of Shares

*And/or failing him/her (delete as appropriate)

Name	Email Address	Mobile No.	NRIC/Passport	% of Shares

or failing which, the Chairman of the Meeting as *my/our proxy to vote for me/us and on my/our behalf at the **Twenty-Sixth Virtual Annual General Meeting** of the Company, to be held at **Board Room, 8th Floor, TRC Business Centre, Jalan Andaman Utama, 68000 Ampang, Selangor** on **Tuesday, 20th June 2023** at **10.30 a.m.** and at every adjournment thereof.

I/We direct my/our proxy to vote for or against the resolutions to be tabled at the Twenty Sixth Virtual Annual General Meeting as hereunder indicated.

RESOLUTIONS		FOR	AGAINST
ORDINARY RESOLUTION 1	To approve the payment of first and final single tier dividend of1.20 sen per share for the year ended 31st December 2022		
ORDINARY RESOLUTION 2	To approve the payment of Directors' Fees in respect of the financial year ended 31st December 2022		
ORDINARY RESOLUTION 3	To approve the payment of Directors' Benefits (other than Directors' Fees) to Non-Executive Directors in respect of the financial year ended 31st December 2022		
ORDINARY RESOLUTION 4	To re-elect YBhg Tan Sri Dato' Sri Sufri bin Hj Mohd Zin as Director of the Company		
ORDINARY RESOLUTION 5	To re-elect YBhg Dato' Richard Khoo Teng San as Director of the Company		
ORDINARY RESOLUTION 6	To re-elect YBhg Dato' Abdul Aziz bin Mohamad as Director of the Company		
ORDINARY RESOLUTION 7	To re-appoint Mazars PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
ORDINARY RESOLUTION 8	To grant authority to the Directors to allot and issue shares pursuant to Section 75 and 76 of the Companies Act 2016, and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016 and Clause 53 of the Company's Constitution		
ORDINARY RESOLUTION 9	To approve the Proposed Renewal of Authority for Share Buy-Back		

(Please indicate with an X in the space provided how you wish your vote to be cast on the resolution specified in the Notice of the Twenty-Sixth Annual General Meeting. If this form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain from voting at his/her discretion.)

Dated this: ____________________

____
Signature/Common Seal

Notes :

1. A proxy may but need not be a member of the Company.
2. To be valid, the proxy form duly completed must be deposited with the Poll Administrator of the Company at Mega Corporate Services Sdn Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia or by email to agm-support.TRC@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
3. A member holding one thousand (1,000) ordinary shares or less may appoint only one (1) proxy to attend and vote at the meeting.
4. A member holding more than one thousand (1,000) ordinary shares may appoint up to two (2) proxies to attend and vote at the meeting.
5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. Where a member is an authorized nominee as defined under the Central Depositories Act, they 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.
7. If the appointer is a corporation, the proxy form must be executed under its Common Seal or under the hand of its attorney.
8. Only members whose names appears in the Record of Depositors as at 13th June 2023 will be entitled to attend and vote at the meeting.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

The Company Secretary

TRC SYNERGY BERHAD
199601040839 (413192-D)

TRC Business Centre
Jalan Andaman Utama
68000 Ampang, Selangor

1st fold here

TRC SYNERGY BERHAD
199601040839 (413192-D)

TRC Business Centre, Jalan Andaman Utama
68000 Ampang, Selangor Darul Ehsan, Malaysia.
Tel: 603-4103 8000   Fax: 603-4108 0104

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