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## REVOLUTIONISING URBAN LIVING



Driven and inspired by our vision of 'Always Best City Developer', we embrace our debut trading year as a listed company on Bursa Malaysia Securities Berhad's Main Market, reaffirming our commitment towards impactful and holistic developments in line with nurturing a sustainable urban lifestyle ecosystem for both today and the future generations ahead.

This is reflected in the cover design where a digitalised web of connectivity is formed through synergies unleashed by our focus on operational, sustainable and stakeholder initiatives, as represented by the icons. The holographic hands reflects Skyworld's harnessing of digital and human strengths in responsively aligning diverse strategies to maintain holistic value creation.



Scan here to access our Investor Relations report  
<https://www.skyworldgroup.com.my/investor-relations/reports>



## BASIS OF THIS REPORT



SkyWorld Development Berhad's ("the Company" or "SkyWorld Development") annual report for the financial year ended 31 March 2023 ("FY2023") communicates how we have created long-term and sustainable value for all our stakeholders by leveraging on our competitive advantages.

Our report provides a balanced and transparent assessment of our performance and the strategies we use to create and preserve the value in relation to issues that are most material to our stakeholders.

# BASIS OF THIS REPORT

## ▶ Scope and Boundary

Data and information presented in this report are scoped to operations of SkyWorld Development Berhad and all its subsidiaries (collectively, "SkyWorld Development Group" or "the Group"). Kindly refer to the Corporate Structure Section for a list of the Group's operating entities, including subsidiary companies.

Unless otherwise indicated, the content for this report reflects the Group's business model and strategies, performance, prospects, the management of our material matters, the risks and opportunities related to the business as well as the activities of the Group from 1 April 2022 to 31 March 2023.

## ▶ Basis of Preparation

Determination of content for inclusion in this report is also based on ensuring compliance with the listing requirements of the regulator, Bursa Malaysia Securities Berhad ("Bursa Securities") and relevant accounting, financial and sustainability frameworks as follows:

- Main Market Listing Requirements ("MMLR") of Bursa Securities
- Global Reporting Initiative
- Bursa Securities's Sustainability Reporting Guide, 3rd Edition 2022
- Malaysian Code on Corporate Governance ("MCCG")
- Companies Act 2016
- Malaysian Financial Reporting Standards ("MFRS")

## ▶ Forward-Looking Statements

This report contains forward-looking statements discussing targets, future plans, operations and performance of the Group based on current assumptions and projections. Such assumptions and projections have been made based on existing information and the present external operating landscape.

While every care and precaution has been taken to ensure that forward-looking statements are as accurate as possible, such statements, comprising all assumptions, expectations, forecasts and projections, may change in tandem with changes in the operating environment (which are beyond the control of the Group).

New information that becomes available to the Group may also necessitate changes in the Group's forward focus planning. As such, readers are advised to conduct their own due diligence and to not rely solely on the forward-looking statements provided in this report. Readers are encouraged to seek clarification from the Group on any matters by contacting the designated investor relations personnel.

## ▶ Feedback

We endeavour to continuously improve our reporting disclosures and build the transparency of our operations. Any feedback, suggestions or enquiries on this report may be sent to: [corporate@skyworld.my](mailto:corporate@skyworld.my).

# AT A GLANCE

## FINANCIAL HIGHLIGHTS (as at 31 March 2023)

Achieved Total Revenue of

# RM841.4

million

(FY2022: RM790.4 million)

Strong business performance with an increase of 6.5% over FY2022 was achieved despite the external challenges such as inflation, rising interest rates, fluctuating prices of materials and labour shortages



Achieved Profit After Tax of

# RM150.7

million

(FY2022: RM104.3 million)

Increased 44.5% over FY2022 due to improved efficiency of business operations. This is a direct reflection of SkyWorld's sustainability of operations



Sales Take-Up Rate

# 91.2%

(FY2022: 91.9%)

Overall take-up rate of 91.2% for all developments launched (inclusive of new and completed developments)



Total Equity

# RM615.7

million

(FY2022: RM465.1 million)

This is equivalent to net asset per share of RM0.62 (based on the enlarged number of shares of 1.0 billion after the initial public offering of the Company)



Achieved a Return on Equity of

# 27.9%

(FY2022: 25.3%)

3-Year return of equity at 24.1% due to strong earnings

Dividends Declared

# 3.0 sen

per share

(FY2022: Nil)

Payout ratio target of 20% of the Group's annual consolidated profit after tax attributable to owners of the Company after taking into account the working capital requirement



Total Assets

# RM1.3

billion

(FY2022: RM1.4 billion)

Stable level of total assets which is representative of the Company's strong economic value



Net Gearing Level of

# 0.40

times

(FY2022: 0.36 times)

Throughout our FY2023 operations, the net gearing ratio continues to remain healthy and stable

# AT A GLANCE

## BUSINESS HIGHLIGHTS

### Guided by 'Healthy Building, Healthy Living' concept

This concept incorporates high-quality product designs that promote health and wellbeing, especially among the younger homeowner segment



### Portfolio Concentration

Our current landbank of 55.66 acres, located across Kuala Lumpur with total estimated GDV at RM5.9 billion, offers a diverse range of properties to cater to different needs of homeowners. We are sourcing ideal locations for future developments within Klang Valley, setting aside a **RM100.0 million** allocation from our initial public offering

### Recognised Standards of Quality Excellence

ALL our developments are independently assessed by the Construction Industry Development Board under the Quality Assessment System in Construction ("QLASSIC") system

Our average score for the past completed developments is **79%**



### Total Properties Launched

To date, a total of **12,317** properties with total GDV of RM5.9 billion was achieved from:

- 6,488** completed properties, contributing a total GDV of RM3.1 billion; and
- 5,829** properties, contributing a total GDV of RM2.8 billion

### Total Unbilled Sales

# RM944.6

million

(FY2022: RM1.2 billion)

Sustainable unbilled sales level accredited to high take-up rates for ongoing developments as well as minimal unsold completed inventories

### Islamic Medium-Term Notes and Islamic Commercial Papers Programme

A total of RM300.0 million **Islamic Medium-Term Notes and Islamic Commercial Papers Programme** under SkyWorld Capital Berhad is sought to fund our domestic and regional expansion between 2024 and 2026

### Number of Employees

# 197

(FY2022: 215)

Translates into RM4.3 million revenue per employee compared against FY2022 of RM3.7 million (the number of employees excluding independent non-executive directors, interns and part-time employee)



### Technological Transformation



- SkyCraft:** An online initiative that engages with potential homebuyers to build their dream homes
- Solution+:** An e-commerce platform under the SkyWorld Connects app that connects homeowners with third-party product and service provider

### Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing

Listed on **Bursa Securities's Main Market** on 10 July 2023

### Regional Expansion of Operations

To grow our market, we are expanding our footprint to **Ho Chi Minh City**, Vietnam, tapping into their property market with the target acquisition of our first piece of land in FY2024



## RECOGNITION AND ACCOLADES

The Group has achieved a number of accolades in recognition of our outstanding performance in FY2023:

- FIABCI World Prix d'Excellence World Gold Winner Award 2023 for SkyAwani II Residences (Affordable Housing Category)
- StarProperty Skyline (Honour) Award 2023 for Curvo Residences
- StarProperty Business Estate Award 2023 (Honour) for Sama Square
- StarProperty Frontier Finder Award 2023 (Honour) for SkyBlox
- StarProperty All Stars (Non-listed Company Category) 2023 Award
- PropertyGuru Asia Malaysia Visionary Developer Award 2022
- Malaysia Book of Records for the Highest Residential SkyBridge for SkyAwani III Residences
- BCI Asia Top 10 Developers 2022 Award
- The Edge Malaysia's Urban Housing Excellence Award 2022 for SkyAwani II Housing
- The Edge Malaysia's Excellence in Place Regeneration Award 2022 for SkyArena Sports Complex
- FIABCI Malaysia Property Award 2022 for SkyAwani II Residences (Affordable housing category)



# WHO WE ARE



We are an established Malaysian city developer, resolutely focused on creating sustainable homes and vibrant community living in high-rise residential, commercial and affordable properties.

We deliver innovative designs and concepts that are guided by a market-driven approach. Our customers can choose from attractively priced products that are all designed with the latest living trends in mind. Such developments are what makes us unique.

Guided by our corporate values, we strive towards long-term, sustainable growth and adopt a balanced approach towards our Shareowner, Customer and Talents.



## Shareowner Oriented

A rational, candor and independent thinking organisation



## Customer Centric

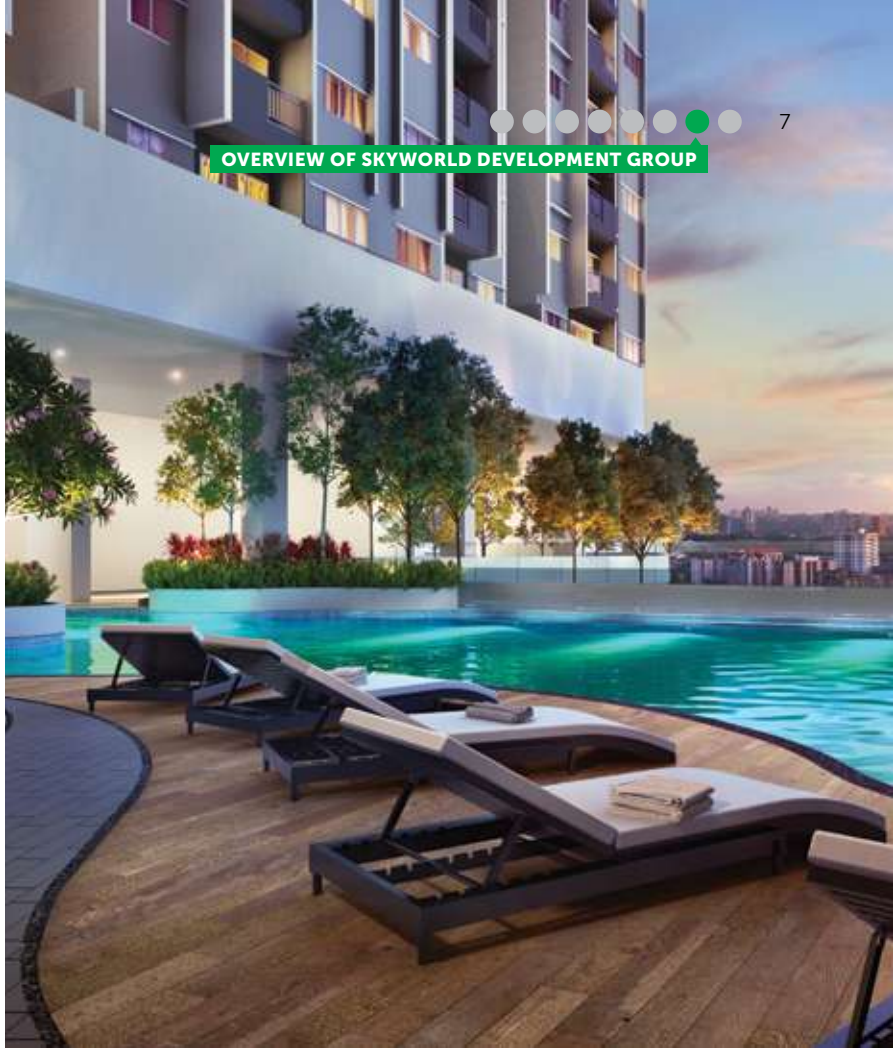
Value creation for homeowners by embodying our brand promise of 'You can now own a quality home and living'



## Talents in Priority

A platform to learn, share and invest





## ▶ VISION

### ALWAYS BEST CITY DEVELOPER (ABCD)

We aim to further strengthen our positioning in the property industry and lead the Group to be at the forefront.

## ▶ PURPOSE

### MAKE LIVING BETTER

Staying true to its brand promise 'You Can Now Own A Quality Home and Living' is all about nurturing a lifelong commitment to excellence in a sustainable ecosystem for current and future generations.

## ▶ CORE VALUES



### Let's talk

We value open and honest dialogue to foster collaboration, understanding and effective problem-solving.



### Dare to lead

We embrace innovation, empower individuals to take initiative and cultivate a culture that encourages creative thinking and decision-making.



### Get it done

We value proactive mindset, accountability and strong work ethic.



## CORPORATE HISTORY

The history of our Group can be traced back to November 2006 with the incorporation of Varsity Networks Sdn Bhd as a private limited company by Datuk Seri Ng Thien Phing, our founder and Non-Independent Executive Chairman. It was subsequently renamed to NTP World Development Sdn Bhd on 6 February 2008. The company commenced operations in the general trading and contracting activities in February 2009.

On 5 December 2014, our Company changed its name to SkyWorld Development Sdn Bhd. We subsequently converted to a public limited company on 20 September 2022 and assumed our present name of SkyWorld Development Berhad.

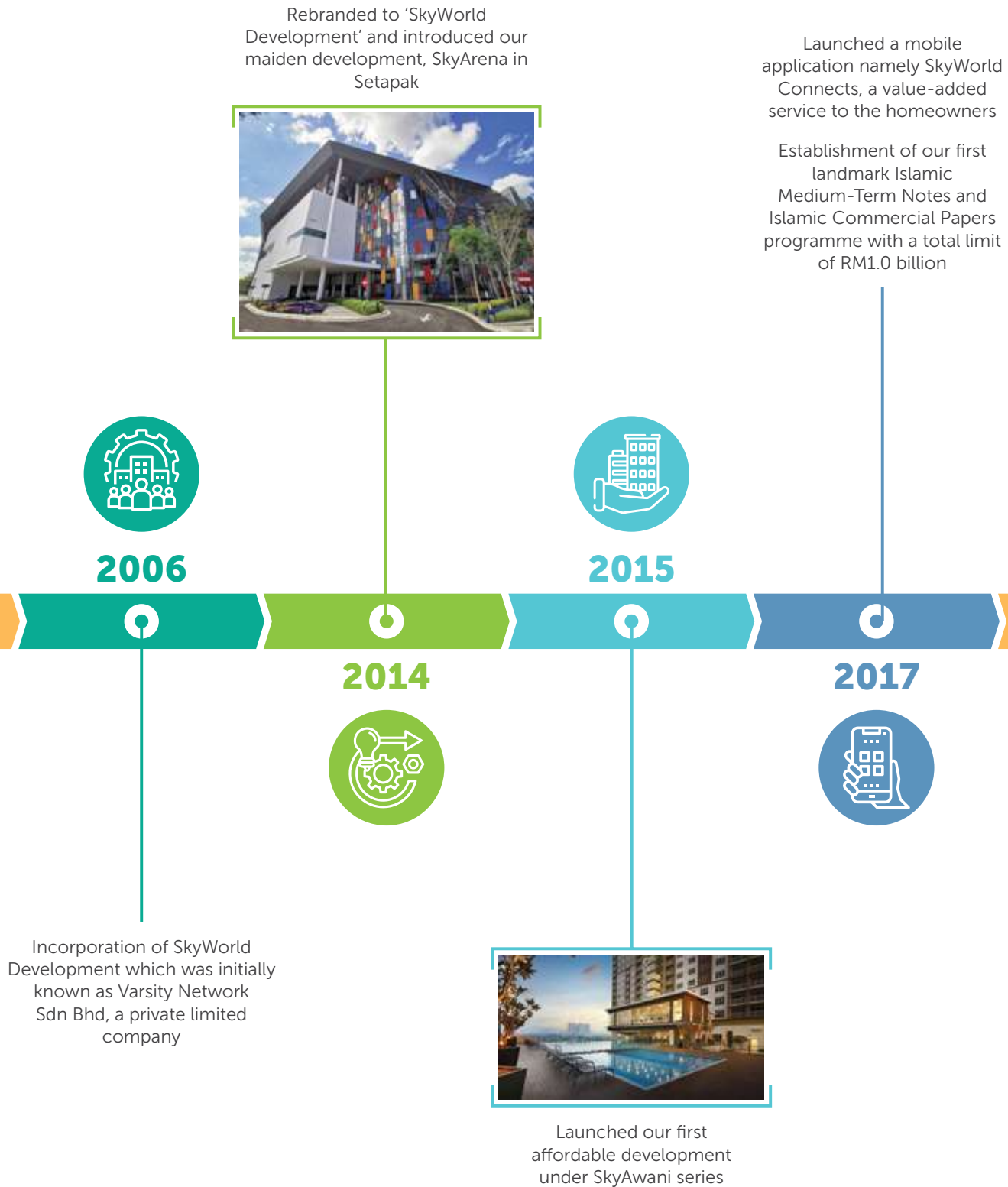








# KEY MILESTONES





# KEY MILESTONES

Completion of SkyArena Sports Complex, Setapak and MSN Sports Complex, Nilai. Both had achieved commendable QCLASSIC score of 81%



2018

Inception of SkyWorld Foundation to serve as a platform for Group to fulfil our corporate social responsibility initiatives

Established a rated RM300.0 million Islamic Medium-Term Notes and Islamic Commercial Papers programme, an alternative funding avenue available to fuel group's business growth

Listing of the Company on the Main Market of Bursa Securities



2022

2021



Launched our SkyWorld Quality Centre in Setapak, the first of its kind in Malaysia, reaffirming a commitment pledge of quality workmanship

Launched our Solution Plus (Solution+), an ecosystem and enhanced e-commerce platform that connects our homeowners and vendors



2023

# CORPORATE STRUCTURE



## OUR SUBSIDIARIES (AS AT 20 JULY 2023)

● — <b>100%</b> Aqua Legacy Sdn Bhd (Registration No. 201701012847 (1227012-W))	● — <b>100%</b> SkySierra Development Sdn Bhd (Registration No. 201301042986 (1072808-A))
● — <b>100%</b> Aspirasi Cekap Sdn Bhd (Registration No. 202201029870 (1475567-K))	● — <b>100%</b> SkyVogue Development Sdn Bhd (Registration No. 201301019525 (1049355-H))
● — <b>100%</b> Bennington Development Sdn Bhd (Registration No. 201401003842 (1079915-K))	● — <b>100%</b> SkyVue Development Sdn Bhd (Registration No. 201301010018 (1039860-P))
● — <b>100%</b> Citra Amal Sdn Bhd (Registration No. 201301016782 (1046615-P))	● — <b>100%</b> SkyWorld Asset Management Sdn Bhd (Registration No. 201601021999 (1192938-H))
● — <b>100%</b> Curvo Development Sdn Bhd (Registration No. 201501026547 (1151871-T))	● — <b>100%</b> SkyWorld Builder Sdn Bhd (Registration No. 200801031431 (832763-H))
● — <b>100%</b> Klasik Eramas Sdn Bhd (Registration No. 202101006013 (1406312-X))	● — <b>100%</b> SkyWorld Capital Berhad (Registration No. 201001040829 (924754-U))
● — <b>100%</b> Legasi Spohra Sdn Bhd (Registration No. 201701012863 (1227028-U))	● — <b>100%</b> SkyWorld Connects Sdn Bhd (Registration No. 201801037374 (1299404-M))
● — <b>60%</b> Medan Srijuta Sdn Bhd (Registration No. 201301025791 (1055621-D))	● — <b>75%</b> SkyWorld Land Sdn Bhd (Registration No. 201401025909 (1101999-M))
● — <b>100%</b> NTP World Corporation Sdn Bhd (Registration No. 200601024810 (744564-D))	● — <b>100%</b> Central Enclave Sdn Bhd (Registration No. 201701012889 (1227054-H))
● — <b>60%</b> Rimba Maju Realiti Sdn Bhd (Registration No. 201301026010 (1055840-X))	● — <b>80%</b> SkyWorld Properties Sdn Bhd (Registration No. 201401025905 (1101995-V))
● — <b>100%</b> SkyAman Development Sdn Bhd (Registration No. 200901006783 (849746-K))	● — <b>100%</b> Kem Batu Kentonmen Development Sdn Bhd (Registration No. 201401039177 (1115329-V))
● — <b>100%</b> SkyAwani 2 Development Sdn Bhd (Registration No. 201301042768 (1072590-X))	● — <b>100%</b> SkyWorld Staris Development Sdn Bhd (Registration No. 202101025030 (1425330-T))
● — <b>100%</b> SkyAwani 5 Development Sdn Bhd (Registration No. 201301042985 (1072807-D))	● — <b>60%</b> SkyWorld Venture Sdn Bhd (Registration No. 201401025912 (1102002-D))
● — <b>100%</b> SkyHill Development Sdn Bhd (Registration No. 201401040271 (1116419-P))	● — <b>100%</b> Desa Imbangan Sdn Bhd (Registration No. 201301025663 (1055493-M))
● — <b>100%</b> SkyLuxe Development Sdn Bhd (Registration No. 201301027213 (1057041-W))	● — <b>100%</b> SkyWorld Development (Vietnam) Company Limited (Registration No. 0315835115)
● — <b>100%</b> SkyMeridien Development Sdn Bhd (Registration No. 201001030326 (914246-P))	● — <b>100%</b> West Victory Sdn Bhd (Registration No. 201501032746 (1158066-V))
● — <b>100%</b> SkyRia Development Sdn Bhd (Registration No. 202101002113 (1402411-K))	
● — <b>100%</b> SkySanctuary Development Sdn Bhd (Registration No. 200601021835 (741588-T))	



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### DATUK SERI NG THIEN PHING

Chairman  
Non-Independent Executive Director

### DATUK LAM SOO KEONG @ LOW SOO KEONG

Non-Independent Executive Director

### LEE CHEE SENG

Non-Independent Executive Director/  
Chief Executive Officer

### CHAN SENG FATT

Independent Non-Executive Director

### ONG SOO CHAN

Independent Non-Executive Director

### PHANG SZE FUI

Independent Non-Executive Director

### ZALINAH BINTI A HAMID

Independent Non-Executive Director

## AUDIT & RISK MANAGEMENT COMMITTEE

Chairperson  
**Chan Seng Fatt**

Members  
**Ong Soo Chan**  
**Phang Sze Fui**

## NOMINATION & REMUNERATION COMMITTEE

Chairperson  
**Phang Sze Fui**

Members  
**Ong Soo Chan**  
**Zalimah Binti A Hamid**

## COMPANY SECRETARIES

**Te Hock Wee** (MAICSA 7054787)  
CCM Practising Certificate  
No. 202008002124

**Foo Pei Koon** (MAICSA 7067238)  
CCM Practising Certificate  
No. 202108000380

**Wong Chee Wai** (BC / W209)  
CCM Practising Certificate  
No. 202108000410

## REGISTERED OFFICE

Unit 30-01, Level 30, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Malaysia

Tel : (603) 2783 9191  
Fax : (603) 2783 9111  
Email : info@my.tricorglobal.com

## HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

Ground Floor, Block B  
Wisma NTP World  
Excella Business Park  
Jalan Ampang Putra  
Ampang  
55100 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Malaysia

Tel : (603) 4270 3928/  
(603) 4270 9968  
Email : corporate@skyworld.my  
Web : https://skyworldgroup.com.my/

## AUDITORS

Deloitte PLT  
Firm No. (LLP0010145-LCA) & AF 0080  
Menara LGB, Level 16  
1, Jalan Wan Kadir  
Taman Tun Dr Ismail  
60000 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Malaysia

Tel : (603) 7610 8888

## SHARE REGISTRAR AND ISSUING HOUSE

Tricor Investor & Issuing House Services  
Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan (KL)  
Malaysia

Tel : (603) 2783 9299  
Fax : (603) 2783 9222  
Email : is.enquiry@my.tricorglobal.com

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities  
Berhad

Stock Code : SKYWLD  
Stock No. : 5315  
Sector : Property  
Listing Date : 10 July 2023

## INVESTOR RELATIONS

Email : ir@skyworld.my  
Web : https://skyworldgroup.com.my/investor-relations

# PROFILE OF BOARD OF DIRECTORS

## DATUK SERI NG THIEN PHING

Non-Independent Executive Chairman

Nationality



Age

48

Gender



### Date Appointed to the Board

22 November 2006

Datuk Seri Ng Thien Phing, a Malaysian male aged 48, was appointed to our Board on 22 November 2006.

He obtained his Diploma in Accountancy from the Kota Bharu Polytechnic and subsequently graduated with a Bachelor of Business Administration from the National University of Malaysia. He is a member of the Institute of Corporate Directors Malaysia.

Upon obtaining his Diploma, he joined Strategic Forum Expertise Sdn Bhd as a Conference Producer in 1997 where he was involved in organising and coordinating of conference events.

In 1999, Datuk Seri Ng founded NTP World Forum Sdn Bhd, a company that is currently involved in the provision of corporate training programmes. He later co-founded ICT Zone Holding Sdn Bhd (currently the controlling shareholder of ICT Zone Asia Berhad which is listed on the LEAP Market of Bursa Securities) and ICT Zone Sdn Bhd (currently the wholly-owned subsidiary of ICT Zone Asia Berhad). He is currently an indirect controlling shareholder (via his interests in ICT Zone Holding Sdn Bhd) and Non-Independent Non-Executive Chairman of ICT Zone Asia Berhad.

With his extensive experience in managing and developing businesses, he founded our Company in 2006 (formerly known as NTP World Development Sdn Bhd) and subsequently ventured into the property development industry.

## DATUK LAM SOO KEONG @ LOW SOO KEONG

Non-Independent Executive Director

Nationality



Age

56

Gender



### Date Appointed to the Board

28 October 2008

Datuk Lam Soo Keong @ Low Soo Keong, a Malaysian male aged 56, was appointed to our Board on 28 October 2008.

He graduated with a Bachelor of Law from the University of London External Programme and subsequently completed the Certificate of Legal Practice. He was admitted as an Advocate and Solicitor of the High Court of Malaya in 1994. He is also a member of the Institute of Corporate Directors Malaysia.

He had been practising in specialised areas concerning land matters, property development, building and construction as well as corporate and company affairs with his own established legal firm. He then retired as Partner from the firm and joined another firm serving as an Advisor until his departure in 2017 to focus on the expansion of the Group business.



# PROFILE OF BOARD OF DIRECTORS



## LEE CHEE SENG

Non-Independent Executive Director/  
Chief Executive Officer

Nationality



Age

51

Gender



### Date Appointed to the Board

1 April 2016



## CHAN SENG FATT

Independent Non-Executive Director

Nationality



Age

60

Gender



### Date Appointed to the Board

23 September 2022

Lee Chee Seng, a Malaysian male aged 51, was appointed to our Board on 1 April 2016.

He graduated with a Bachelor of Business Studies from Charles Sturt University with the HELP University External Programme. He is a member of the Institute of Corporate Directors Malaysia.

He began his working career with Zalam YTK Sdn Bhd (now known as Zalam Corporation Sdn Bhd) in 1994, a construction and property development company where he held various leadership positions including his last held position as the Director and then joined us as Chief Product Officer in 2013.

He is known amongst his peers as an innovative leader with a business intuitive mind due to his extensive exposure with mega projects. His strengths lie in improving the workforce by building teamwork, fostering a culture where employees can engage in decision making and encouraging cooperation in pursuing company goals.

Chan Seng Fatt, a Malaysian male aged 60, was appointed to our Board on 23 September 2022 and is the chairperson of our Audit & Risk Management Committee.

He is a member of the Malaysian Institute of Accountants and a member of the Institute of Corporate Directors Malaysia. He is also former Fellow Member of the Chartered Institute of Management Accountants.

He has an extensive career exposure of over 30 years spanning external and management auditing, financial management, corporate finance, stockbroking as well as senior level operational and general management roles. He joined Multi-Purpose Holdings Berhad in 1988 as an Internal Auditor for 3 years before serving Asia Pac Holdings Berhad from 1991 to 1993 as the Group Accountant. From 1993 to 1997, he was the Financial Controller for Pengkalen Securities Sdn Bhd and was later appointed as the General Manager of Halim Securities Sdn Bhd in 1997 before taking a career break in 1998. He joined K&N Kenanga Berhad in 1999 as a Remisier.

He was the Chief Financial Officer for Johore Tenggara Oil Palm Berhad from 2001 to 2002. He then joined Tradewinds Group in 2003 as the Senior General Manager, Finance of Tradewinds (M) Berhad and promoted to Chief Financial Officer in 2004. He was then posted to Tradewinds Plantation Berhad as the Acting Chief Executive Officer cum Chief Financial Officer in 2006. Thereafter, he was promoted to Chief Executive Officer of Tradewinds Plantation Bhd in 2007 and held the position until 2012.

He is currently an Independent Non-Executive Director and chairperson of the Audit & Risk Management Committee of Star Media Group Berhad, Salcon Berhad and OMS Group Bhd.

## PROFILE OF BOARD OF DIRECTORS

### ONG SOO CHAN

Independent Non-Executive Director

Nationality



Age

61

Gender



#### Date Appointed to the Board

23 September 2022

Ong Soo Chan, a Malaysian female aged 61, was appointed to our Board on 23 September 2022 and is a member of both our Audit & Risk Management Committee and Nomination & Remuneration Committee.

She graduated with a Bachelor of Arts in Economics from University Malaya and is a member of the Institute of Corporate Directors Malaysia.

Having dedicated more than 30 years of her professional life in banking industry, she possesses in-depth knowledge and experience in financial services. She started her career in Development and Commercial Bank as a Management Trainee in 1987, and subsequently joined RHB Bank and ABN-AMRO Bank, predominantly in treasury operations. She then left ABN-AMRO Bank as the Head of Treasury Operations and joined Citibank Berhad in 1998 in a similar capacity.

Over the next 20 years, she held various leadership roles at Citibank Berhad, including the Head of Corporate Banking Operations and Technology, Head of Consumer Business Operations and Technology. In 2010, she was seconded to head Citigroup Transaction Services (M) Sdn Bhd (a wholly owned entity of Citigroup Overseas Investments Ltd.) to start up a regional and global operations hub to support multiple products including Securities and Fund Services, Anti-Money Laundering transactions monitoring and Consumer Fraud Risk operations. Her last role at Citibank Berhad prior to her retirement in 2020 was as Head of Country Operations and Technology.

She currently sits on the board of Unitrade Industries Berhad and CIMB Bank Berhad as their Independent Non-Executive Director.

### PHANG SZE FUI

Independent Non-Executive Director

Nationality



Age

51

Gender



#### Date Appointed to the Board

23 September 2022

Phang Sze Fui, a Malaysian female aged 51, was appointed to our Board on 23 September 2022 and is the chairperson of our Nomination & Remuneration Committee and member of our Audit & Risk Management Committee.

She is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. She has also been an Audit Committee Member of the Institute of Internal Auditors Malaysia and a member of the Institute of Corporate Directors Malaysia.

She began her career as an Accounts Executive in 1992 and later joined Baker Tilly Monteiro Heng after completing her studies. She progressed through the ranks, eventually becoming the Executive Director of Transaction Reporting Division.

Following her tenure at Baker Tilly Monteiro Heng, she later joined Dolphin Applications Sdn Bhd as the Corporate Affairs Director, overseeing corporate exercises, compliance matters, improving internal control systems and reporting structure as well as investor relations. She then embarked on her own business venture, specialising in the provision of business and accounting consultancy and aquaponic farming.

She currently sits on the board of Kim Teck Cheong Consolidated Berhad, SDS Group Berhad, Flexidynamic Holdings Berhad and Orgabio Holdings Berhad as Independent Non-Executive Director.

# PROFILE OF BOARD OF DIRECTORS

## ZALINAH BINTI A HAMID

Independent Non-Executive Director

Nationality



Age

62

Gender



### Date Appointed to the Board

23 September 2022

Zalinah Binti A Hamid, a Malaysian female aged 62, was appointed to our Board on 23 September 2022 and is a member of our Nomination & Remuneration Committee.

She graduated with a Bachelor of Science in Accounting and a Master in Business Administration (International Business) from the New Hampshire College, USA. She is also a member of the Institute of Corporate Directors Malaysia.

She has more than 30 years of experience in the capital market with proven expertise in portfolio management for pension funds, trust funds and private mandates as well as managing equity portfolio locally and globally. She was the Head of the Domestic Equity Department of Employees Provident Fund, overseeing investments in Malaysia's public listed companies. Prior to her tenure in Employees Provident Fund, she was the Chief Executive Officer of PMB Investment Berhad (formerly known as ASM Asset Management Berhad). Throughout her career, she has demonstrated a strong commitment for Environmental, Social and Governance (ESG) principles as well as risk management.

She currently sits on the board of Perak Transit Berhad and OMS Group Berhad as the Independent Non-Executive Director. She has also been the Independent Non-Executive Director of UOB Kay Hian Securities (M) Sdn Bhd, UOB Asset Management (Malaysia) Berhad and UOB Islamic Asset Management Sdn Bhd. Further, she is the chairperson of the Audit & Risk Management Committee of UOB Kay Hian Securities (M) Sdn Bhd.

### NOTES:

**1. Family Relationship with Director and/or Major Shareholder**

None of the Directors has any family relationship with any Director and/or major shareholder of the Group.

**2. Conflict of interest**

None of the Directors has any conflict of interest with the Group.

**3. Conviction for Offences**

None of the Directors has any conviction for offences within the past 5 years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

**4. Attendance of Board Meetings**

The attendance of the Directors at Board Meetings held during the financial year is disclosed in the Corporate Governance Overview Statement (on page 30 to 37 of this report).



# PROFILE OF SENIOR MANAGEMENT

<p><b>▶ LOW WENG CHEONG</b> Head of Finance</p>			
	Nationality	Age	Gender

Low Weng Cheong, a Malaysian male aged 45, joined our Group since 2017 and has been with our Group for over 4 years. He was promoted to Head of Finance on 1 January 2021 and his main responsibility in the Group include overseeing the overall finance functions including accounting, taxation, financial management as well as investor relations.

He began his career in 1997 and had held various senior-level positions in different property development companies such as BRDB Developments Sdn Bhd, Lendlease Development Malaysia Sdn Bhd and Selangor Properties Berhad. Throughout his career, he gained a comprehensive background in finance, accounting, taxation and strategic management.

He is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

<p><b>▶ TAN LEA CHIN</b> Head of Sales</p>			
	Nationality	Age	Gender

Tan Lea Chin, a Malaysian male aged 52, joined our Group since 2019 and has been with our Group for over 3 years. He was the General Manager, Marketing and Sales before being re-designated as the Head of Sales on 1 January 2022. His main responsibility in the Group includes planning, formulation and implementation of sales strategies, processes and policies as well as overseeing the sales operation.

He graduated with a Bachelor of Business in Business Administration from RMIT University's External Programme.

Prior to joining our company, he had accumulated over 20 years of experience in sales management holding position such as Head of Sales and Marketing of DNP Property Management Sdn Bhd (a subsidiary of Wing Tai Malaysia Berhad), Selangor Dredging Berhad and SP Setia Berhad.

<p><b>▶ NG HONG HAW</b> Head of Business Venture</p>			
	Nationality	Age	Gender

Ng Hong Haw, a Malaysian male aged 41, joined our Group in 2015 and has been with our Group for over 7 years. He was the General Manager, Overseas Venture and Asset Under Management before being re-designated as the Head of Business Venture on 1 January 2022. His main responsibilities in the Group include the evaluation of new business ventures, managing the Asset Under Management business model and the generation of income for unutilised land and assets.

He commenced his matriculation for the Bachelor of Electrical Engineering at the University of Malaya but discontinued this, opting for a career change. He then went on to obtain his Diploma in Estate Agency, awarded by the Board of Valuers, Appraisers and Estate Agents Malaysia.

He has 9 years of experience in business development across the property industry prior joining our company. His strong entrepreneurial spirit, combined with a comprehensive understanding of market dynamics, has positioned him at the forefront of driving innovation and pioneering the whitespace opportunities.

<p><b>NOTES:</b></p> <ol style="list-style-type: none"> <li><b>Family Relationship with Director and/or Major Shareholder</b> None of the key senior management has any family relationship with any Director and/or major shareholder of the Group.</li> <li><b>Conflict of interest</b> None of the key senior management has any conflict of interest with the Group.</li> <li><b>Conviction for Offences</b> None of the key senior management has any conviction for offences within the past 5 years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.</li> </ol>
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# 4-YEAR FINANCIAL HIGHLIGHTS

	FY2023 RM'000	FY2022 RM'000	FY2021 RM'000	FY2020 RM'000
<b>FINANCIAL RESULTS</b>				
Revenue	841,411	790,437	488,797	523,860
Gross profit	298,346	249,607	151,664	178,721
Profit before tax	204,784	150,018	74,349	101,760
Profit after tax	150,712	104,286	63,311	65,247
Profit after tax and minority interests	143,996	106,035	59,541	67,598
<b>FINANCIAL POSITIONS</b>				
Non-current assets	650,413	556,246	558,053	494,872
Current assets	667,255	808,353	634,586	532,346
Equity	615,660	465,056	360,770	297,465
Non-current liabilities	324,865	290,710	203,396	305,973
Current liabilities	377,143	608,833	628,473	423,780
<b>CASH FLOWS</b>				
Net cash (used in)/from operating activities	(87,798)	84,152	46,115	(69,827)
Net cash (used in)/from investing activities	(22,200)	(19,934)	9,287	(3,597)
Net cash from/(used in) financing activities	144,183	73,565	(59,111)	80,711
<b>Net changes in cash and cash equivalents</b>	<b>34,185</b>	<b>137,783</b>	<b>(3,709)</b>	<b>7,287</b>
Effect of exchange rate fluctuations on cash held	(176)	#	(6)	8
Cash and cash equivalents at beginning of the financial year	189,399	51,616	55,331	48,036
<b>Cash and cash equivalents at end of the financial year</b>	<b>223,408</b>	<b>189,399</b>	<b>51,616</b>	<b>55,331</b>
<b>KEY RATIOS</b>				
EBITDA	218,126	167,675	93,413	117,296
Earning per share (sen) *	18.77	13.82	7.76	8.81
Gross profit margin (%)	35.5	31.6	31.0	34.1
Profit before tax margin (%)	24.3	19.0	15.2	19.4
Profit after tax margin (%)	17.9	13.2	13.0	12.5
Profit after tax and minority interests margin (%)	17.1	13.4	12.2	12.9
Gearing ratio (times)	0.78	0.96	1.09	1.39
Net gearing ratio (times)	0.40	0.36	0.64	0.86
Return on equity (%)	27.9	25.3	19.2	24.6
Net assets per share (sen) **	61.57	46.51	36.08	29.74

# Less than RM1,000

\* Based on weighted average number of issued and fully paid ordinary shares of 767,000,000 in issue as disclosed in Note 36 to the financial statements

\*\* Based on the enlarged number of shares of 1,000,000,000 after the initial public offering of the Company

# MANAGEMENT DISCUSSION AND ANALYSIS



## STRATEGIC REVIEW

### REVIEW OF FY2023 OPERATING BACKDROP

**The post-Covid-19 era presented notable challenges for the international economy. Global financial conditions were tightened as major central banks increased policy rates to combat elevated levels of inflation. Accordingly, Malaysia's Central Bank announced increases of the overnight policy rate (OPR) to 2.75% at end-FY2023. However, inflation remained elevated amid slower growth in major economies.**

In Malaysia, external factors had varying impacts on the property sector. High inflation, a sluggish economy and a weakened exchange rate led to a decline in property affordability. An oversupply of high-rise residential properties heightened market competitiveness, while interest rate hikes meant higher financing costs and stricter lending approval from banks. Supply disruptions also led to fluctuating raw material prices, which affected developers' ability to budget costs accurately. A labour shortage that slowed construction progress further impacted the industry.

Fortunately, the domestic economy saw positive growth. The national gross domestic product (GDP) increased to 8.7% and 5.6% in 2022 and Q1 2023 respectively. The number of property transactions rose by 29.5% from 2021 and the residential property sector continued to dominate the property market in 2022, according to National Property Information Centre data.

The residential and service apartment overhang situation improved, with numbers reduced to 27,746 units worth RM18.4 billion as at Q4 2022, down by 24.7% and 19.2% in volume and value respectively.









Selangor recorded the highest number of new launches in the country, netting 20.7% of the national total with sales performance at 26.9%. Kuala Lumpur recorded the second highest number (19.1% share) with sales performance of 47.2%. Condominium/apartment units dominated the new launches with 45% of the total.

Malaysia's new administration also brought about renewed political stability, with an expectancy of strengthening economic policies to boost market confidence. The introduction of government stimulus packages and policies such as stamp duty exemptions for first-time homebuyers, affordable housing initiatives and the Housing Credit Guarantee Scheme improved connectivity and purchasing interest.





# MANAGEMENT DISCUSSION AND ANALYSIS

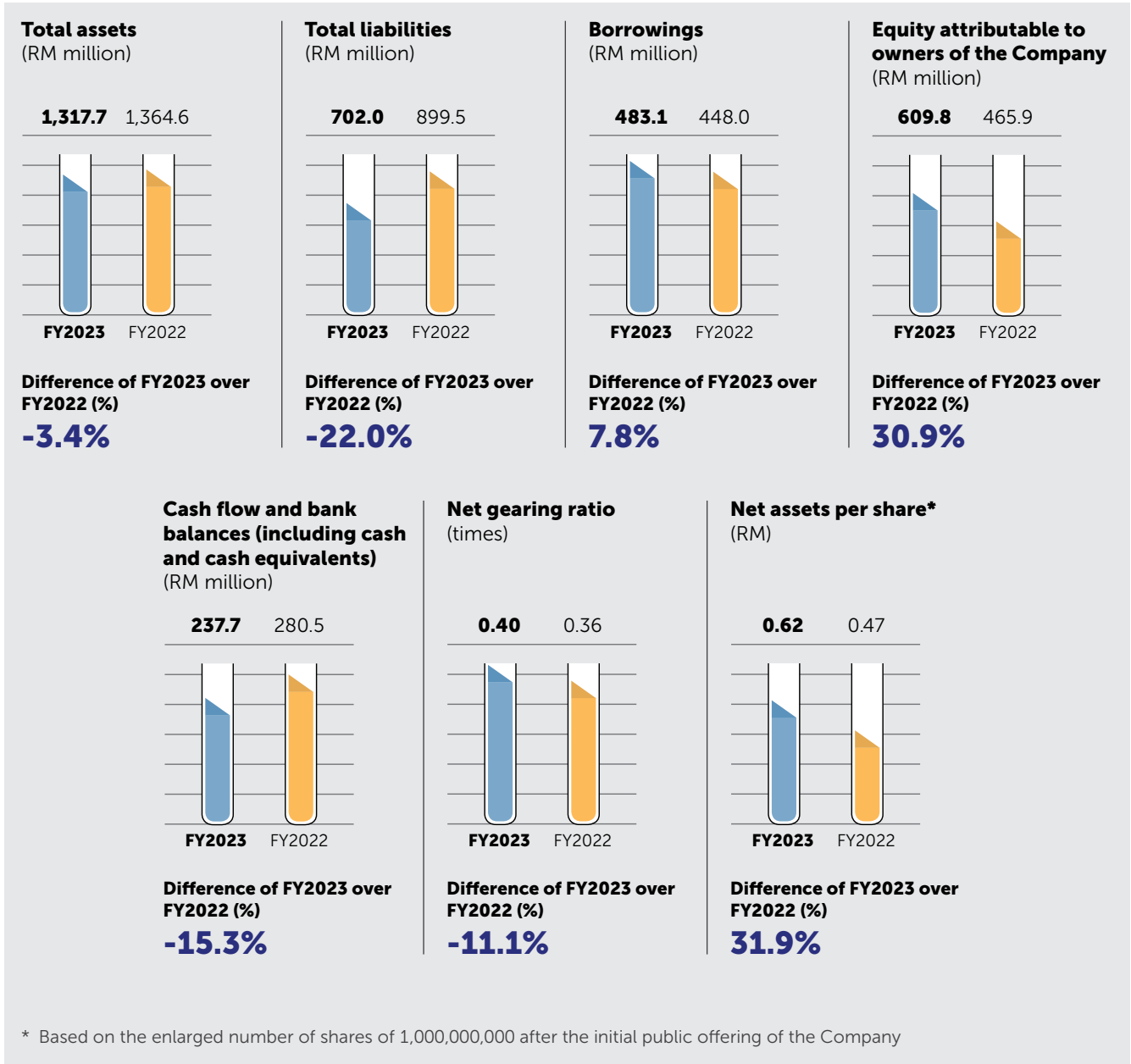
CHALLENGES AND STRATEGIC RESPONSES			
Category	Factor	Response	Outcome
 <p><b>ECONOMIC</b></p>	Interest rate hike	Tapped into debt and equity capital market to increase financing access and reduce financing risks	Raised <b>RM166.4 million</b> from initial public offering to reduce reliance on debt instruments 
	Affordability decline among homebuyers	Continued focus on improving our developments by including value-added amenities or integrating sustainable features	Strengthened <b>development portfolio</b> 
	Over-supply of high-rise residential properties	<ul style="list-style-type: none"> <li>Focus on quality and outperforming market average benchmarks</li> <li>Efficient utilisation of existing resources by introducing built-to-rent properties</li> </ul>	<ul style="list-style-type: none"> <li>Improved marketability, customer satisfaction and brand image</li> <li>Twin yielding benefits while waiting for idle lands to be ready for development:                             <ol style="list-style-type: none"> <li>promoting resource efficiency by generating economics</li> <li>customer experience/ branding</li> </ol> </li> </ul>
	Construction labour shortage, fluctuating prices of construction materials	Continuous enhancement of value engineering through design optimisation, streamlined development processes and technology integration	Developments delivered on time with <b>high QCLASSIC score</b> while maintaining better profitability 
 <p><b>TECHNOLOGY</b></p>	Rising customer expectations for technological solutions	Launch of SkyWorld Connects 2.0 app and e-commerce platform, Solution+	<b>79%</b> of our customers are active users, helping to generate <b>RM0.6 million</b> in economics while providing them with convenient service 
 <p><b>SOCIAL</b></p>	Younger demographic's focus on health and safety	Introduced Healthy Building, Healthy Living concept aimed at younger homeowners (aged 25 to 45)	An estimated <b>80%</b> of our customers are aged below 45 years old 





# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL POSITION IN FY2023





# MANAGEMENT DISCUSSION AND ANALYSIS



## STATEMENT OF FINANCIAL POSITION

Total assets for FY2023 amounted to RM1,317.7 million, a decline of 3.4% from the previous year. This was mainly attributed to a decrease in inventories as a result of higher sales and progressive cost recognition of ongoing developments led by increased construction activities. Our inventories of completed properties stood at RM 42.1 million, representing 1.3% of the GDV of our completed developments, which indicated a notably favourable response from the market.

The Group's financial position continued to strengthen further as of FY2023. Our total equity increased by 32.4% to RM615.7 million or equivalent to net assets per share of RM0.62.

Our total borrowings increased by RM35.1 million to RM483.1 million in FY2023 while cash and bank balances declined to RM237.7 million, with a net borrowing level of RM245.4 million or a net gearing level of 0.40 times. The additional borrowings were substantially for the payment of land acquisition in Setiawangsa.

## DIVIDENDS

On 3 July 2023, the Group's Board of Directors proposed to declare a first interim single-tier dividend of 3.0 sen per ordinary share based on the enlarged number of shares of 1.0 billion upon Listing (approximately RM30.0 million) for FY2023. The date of entitlement and payment would be on 12 September 2023 and 22 September 2023 respectively.

## STATEMENT OF CASH FLOW

Our net cash used in operating activities totalled RM87.8 million in FY2023 compared to FY2022, with net cash generated from operating activities of RM84.2 million. This was predominantly due to the payment of land acquisition in Setiawangsa, which was partially financed via bank borrowing.

Overall, the Group recorded cash flow and bank balances (including cash and cash equivalents) of RM237.7 million, a 15.3% drop from RM280.5 million in FY2022. The decline was substantially due to the settlement of an overdraft facility totalling RM70.0 million during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DEVELOPMENT HIGHLIGHTS

### SKYAWANI III RESIDENCES

An affordable condominium development situated on 4.58-acres of land in Setapak, Kuala Lumpur. It comprises 3 blocks that are 52 storeys high with a total of 1,905 affordable condominium units and related facilities. SkyAwani III Residences was launched in February 2018 and completed in April 2022.



### SOLUTION+ AND SKYCRAFT

Solution+ is the latest offering under the SkyWorld Connects app. This e-commerce platform connects our homeowners with third-party product and service providers such as interior design, renovations, furniture, home appliances, telecommunications subscription services and home movers.

SkyCraft is an online initiative that engages with potential homebuyers so that they can build their dream homes together with us. The feedback gathered aims to give a better understanding of the latest market trends and improve product quality in the long term.



### OTHER HIGHLIGHTS

#### Listing on Bursa Securities's Main Market

The Company's listing on Bursa Securities's Main Market in July 2023 saw a total of RM166.4 million raised for the Group. The market capitalisation was RM800.0 million based on the enlarged number of shares of 1.0 billion at an issue price of 80 sen per share.

Of the total raised from the issuance of new shares, the Group has allocated RM100.0 million for the acquisition of new land for future developments. Another RM35.2 million has been earmarked for working capital for project development and RM20.0 million for the repayment of bank borrowings. The remaining RM11.2 million has been allocated for listing-related expenses.

#### Islamic Medium-Term Notes and Islamic Commercial Papers Programme

The Group established a RM300.0 million in nominal value Islamic Medium-Term Notes and Islamic Commercial Papers programme for a tenure of 7 years under SkyWorld Capital Berhad, its sukuk issuance fundraising vehicle. The Islamic Medium-Term Notes and Islamic Commercial Papers programme will be used to fund the Group's business expansion, including the planned geographical expansion in Vietnam from 2023 and the planned developments in Malaysia between 2024 and 2026.

In April 2023, the programme was assigned final ratings of A<sub>1S(cg)</sub>/MARC-1<sub>S(cg)</sub> with a stable outlook by MARC Ratings, with consideration of Group's strong take-up rate and healthy operating margins.





# MANAGEMENT DISCUSSION AND ANALYSIS

## OUR LANDBANKS



Note: The above artist impression is for indicative purposes

Location	With Development Order			Without Development Order	Land type
	Land size (acres)	Estimated GDV (RM'billion)	Planned units	Land size (acres)	
Setapak	24.30	2.5	3,203	12.75	Commercial, residential
Setiawangsa	8.01	1.0	1,729	-	Commercial, residential
Bukit Jalil	-	-	-	2.74	Residential
Taman Desa	-	-	-	3.00	Agriculture *, residential
Cheras	4.86	0.6	729	-	Residential
<b>Total</b>	<b>37.17</b>	<b>4.1</b>	<b>5,661</b>	<b>18.49</b>	

\* We will submit an application to the local authority for the conversion of land type from agriculture land to residential land for future development

# MANAGEMENT DISCUSSION AND ANALYSIS

## FORWARD-LOOKING STATEMENT



### PROPERTY INDUSTRY OUTLOOK

The country's property market performance is expected to grow in line with the moderately lower economic growth projected for 2023, buoyed by domestic consumption due to slower external demand from weakening global trade. The accommodative policies, continuous government support, thorough execution of all planned measures outlined in the revised Budget 2023 and the proper implementation of strategies and initiatives under the Twelfth Malaysia Plan (RMK-12) are expected to remain supportive of the property sector over the next financial year.

### OUTLOOK FOR SKYWORLD DEVELOPMENT GROUP

We are looking to GDV of more than RM1.0 billion in new launches in FY2024. The Kuala Lumpur property market will remain our key focus, as this portfolio concentration offers a competitive advantage via a deeper understanding of local market dynamics. We will continue to capitalise on the city's infrastructure system and comprehensive lifestyle amenities to meet market demand.

In pursuing new growth opportunities, we strive to expand our footprint to ideal locations beyond Kuala Lumpur's boundaries to the fringe areas of Selangor that match our risk appetite for quick turnaround developments.

The Group will also be expanding operations to Ho Chi Minh City, Vietnam. Since 2020, we have observed sustained demand in this bustling city among the high disposable income and young demographic groups in the high-rise residential property market. We aim to acquire its first piece of land there in FY2024, with USD10.0 million allocated as start-up capital.

We are optimistic about our prospects in the coming year by shifting from a defensive to a more progressive stance.

Cognisant of the continuing impact of climate change, we have established a sustainability policy and framework to better protect the environment and sustain the company's long-term value. It has embraced sustainable environmental practices in our developments and aims to have all future developments adhere to Green Building Index standards.

In terms of talent management, we remain focused on ensuring a supportive and conducive working environment, fostering a culture of learning and growth and offering opportunities for professional development and advancement. We are also dedicated to maintaining high standards of corporate governance and ethical behaviour, aligning with the principles and practices outlined in the Malaysian Code on Corporate Governance.

In the face of future challenges and uncertainties, we will continue to seek opportunities for growth and create sustainable value by leveraging on its inherent business strengths and its business model, which has thus proven resilient.

We remain confident of the future and will continue to seek ways to accelerate its growth towards the realisation of its vision and mission and to create continued value for shareowners.

### LEE CHEE SENG

Non-Independent Executive Director/Chief Executive Officer  
On behalf of its Executive Committee

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") acknowledges the importance of the principles and best practices as set out in the Malaysian Code on Corporate Governance ("MCCG"). In line with this, the Board is committed to ensuring that good corporate governance is practised throughout the Group.

This Statement gives an overview of the extent the Group has applied the principles and best practices as set out in the MCCG during the FY2023 and/or up to the date of this Statement. The detailed application of each best practice is disclosed in the Corporate Governance Report ("CG Report") which is made available on our website at <https://www.skyworldgroup.com.my/investor-relations> as well as the website of Bursa Malaysia Securities Berhad ("Bursa Securities"). Where a specific best practice has not been applied during the financial year, the non-application, including reasons thereof, and the alternative practice adopted, if any, is also mentioned in the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. BOARD RESPONSIBILITIES

The Board is responsible for the corporate governance practices of the Group. The Board guides and monitors the affairs of the Group on behalf of the shareholders and retains full and effective control over the Group. The key matters reserved for the Board's approval include but not limited to setting overall Group strategy and direction, approving major corporate plans, approving quarterly and annual financial statements and annual budgets, as well as monitoring financial and operational performance of the Group.

The Board is guided by the Board Charter and Limits of Authority which define matters that are specifically reserved for the Board and certain authorities and discretion delegated to the Chief Executive Officer. This formal structure of delegation is further cascaded by the Chief Executive Officer to the Key Senior Management within the Group.

The Board has delegated certain roles and responsibilities to its Board Committees namely, Audit & Risk Management Committee and Nomination & Remuneration Committee which operate within clearly defined terms of reference.

At each Board Meeting, the Chairperson of the relevant Board Committees presents reports and minutes of Board Committees meetings to keep the Board informed and updated on the key matters deliberated by the Board Committees. The ultimate responsibility for the final decision on all matters lies with the Board.

The Board provides stewardship to the Group's strategic direction and operations so as to deliver sustainable value to its stakeholders. The Board acknowledges the importance of sustainability and its underlying environmental, social and

governance, hence, the Board has also integrated the sustainability considerations in the Company's strategy, governance and decision making.

### 2. CODE OF CONDUCT AND ETHICS

The Company had established a Code of Conduct and Ethics which applies to Directors, Key Senior Management and employees of the Group. Directors are expected to act in good faith and in the best interest of the Company and exercise due diligence when discharging their duties as Director.

The Company had also in place a Conflict of Interest Policy on 1 January 2023 to provide guidance in identifying and manage any actual, potential and perceived conflict of interest situations between the employees (including Directors) and the Group.

The Directors are aware that they have to declare their interests in transactions with the Group and abstain from deliberation and voting in respect of such transactions at Board or general meetings convened to consider the matter. The Audit & Risk Management Committee reviews all related party transactions and conflict of interest situation that arose, persist or may arise within the Group that may challenge the Group's integrity.

The Code of Conduct and Ethics will be reviewed periodically and is available on our website at <https://www.skyworldgroup.com.my/investor-relations>.

### 3. WHISTLEBLOWING POLICY

A Whistleblowing Policy was adopted by the Board on 1 January 2023. It sets out the avenues where legitimate concerns can be objectively investigated and addressed. The Whistleblowing Policy is available on our website at <https://www.skyworldgroup.com.my/investor-relations>. The Audit & Risk Management Committee has been tasked by the Board to perform the oversight function over the administration of the Whistleblowing Policy.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 4. ANTI-BRIBERY AND CORRUPTION POLICY

In line with the corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Board had adopted the Anti-Bribery and Corruption Policy to provide guidance to the Group, all its personnel and business associates in order to promote better governance culture and ethical behaviour within the Group and to prevent the occurrence of corrupt practices. The Management will carry out regular assessment on the policy to ensure that it continues to remain relevant, appropriate and effective. The Anti-Bribery and Corruption Policy is available on our website at <https://www.skyworldgroup.com.my/investor-relations>.

## 5. STRATEGIES PROMOTING SUSTAINABILITY

The Board places great emphasis on corporate sustainability and undertakes full responsibility to embed Economic, Environment and Social factors into the Group's core strategy to deliver sustainable value and goods. The Company had on 1 January 2023 adopted a Sustainability Framework, Policy and Procedures. The Board keeps themselves abreast with and understand the sustainability issues relevant to the Group and takes into account the sustainability issues when reviewing the Group's strategies and business plans.

A report on the sustainability activities covering the sustainability strategies and priorities is set out in the Sustainability Statement in this Annual Report.

## 6. ACCESS TO INFORMATION AND ADVICE

The Board has full and unrestricted access to any information pertaining to the Group. The agenda and reports encompassing qualitative and quantitative information are furnished to the Board members prior to meetings to allow the Directors to have sufficient time to peruse the papers for effective discussion and decision-making during meetings. The Board also has direct access to the Management and unrestricted access to any information relating to the Group to enable them to discharge their duties.

The Directors may seek independent professional advice, whenever necessary and in appropriate circumstances, either individually or collectively at the Company's expenses in furtherance of their duties.

## 7. QUALIFIED AND COMPETENT COMPANY SECRETARIES

The Directors have access to the professional advice and services of the Company Secretaries in ensuring the effective functioning of the Board.

The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and play an advisory role particularly with regards to the Company's Constitution, Board policies and procedures and compliance with regulatory and statutory requirements, MCCG, guidance and legislations as well as corporate governance matters. The Company Secretaries also attend all Board and Board Committees meetings and ensure the meetings are properly convened and all deliberations and decisions made by the Board and Board Committees are accurately minuted, recorded and kept.

The Company Secretaries continuously attend relevant development and training programmes to keep themselves abreast with the regulatory changes and corporate governance development.

## 8. BOARD CHARTER

The Board had on 27 September 2022 adopted a Board Charter delineates the roles and responsibilities of the Board, Board Committees, Executive Chairman, Chief Executive Officer, Executive Directors and Independent Non-Executive Directors and Company Secretaries, including a formal schedule of matters reserved to the Board for consideration and decision.

The Board Charter is accessible via <https://www.skyworldgroup.com.my/investor-relations>.

## 9. BOARD COMPOSITION

The Board currently consists of 7 members, comprising 3 Executive Directors and 4 Independent Non-Executive Directors which is in compliance with Paragraph 15.02(1) of the Main Market Listing Requirements ("MMLR") and the MCCG. None of the Directors is active politician.

A brief profile of each Director is presented on pages 14 to 17 of this Annual Report. The Board members have diverse professional and entrepreneurial background, varied skills and experiences for effective oversight of the Group. The Independent Non-Executive Directors provide the necessary checks and balances on the Board's deliberation and decision-making.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The roles of the Executive Chairman and the Chief Executive Officer are distinct, separated and clearly defined, and are held by 2 different individuals. The Executive Chairman provides leadership and direction at Board level in order to maintain a good corporate governance for the Board to perform its responsibilities effectively. Whereas the Chief Executive Officer is primarily responsible for the effective implementation of the strategic plan and policies established by the Board, managing the daily conduct of business to ensure its smooth operations, supervision and management of the Company.

## 10. NOMINATION AND REMUNERATION COMMITTEE (“NRC”)

The NRC was established by the Board on 27 September 2022 as part of its preparation for listing of the Company on the Main Market of Bursa Securities. The NRC assists the Board on matters relating to selection of new Directors and annual assessment of the Board, Board Committees and individual directors as well as recommending to the Board the remuneration package of the Directors and Key Senior Management.

The NRC comprises 3 members, all of whom are Independent Non-Executive Directors. The composition meets the requirements of Paragraph 15.08A of the MMLR.

The members of the NRC and their respective designation are as follows:

	Designation
<b>Chairperson</b> Phang Sze Fui	Independent Non-Executive Director
<b>Members</b> Ong Soo Chan	Independent Non-Executive Director
Zalimah Binti A Hamid	Independent Non-Executive Director

The Terms of Reference of the NRC was adopted by the Board on 27 September 2022, a copy of which is available on our website at <https://www.skyworldgroup.com.my/investor-relations>.

## Nomination Activities

The NRC will assist the Board in overseeing the selection of Directors, matters relating to succession planning, boardroom diversify and composition, training programmes for Directors as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director.

For selection and appointment of new Directors, the NRC has developed the following factors to be considered during the recruitment process:

- (i) skills, knowledge, expertise and experience, professionalism, reputation, competencies and commitment (including time commitment);
- (ii) merit and against objective criteria with due regard for the benefits of boardroom diversity, including gender, age, ethnicity and cultural background, experience, skill, character, integrity and competence;
- (iii) in the case of the candidates for the position of Independent Non-Executive Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities as are expected from Independent Non-Executive Directors; and
- (iv) in considering independence, it is necessary to focus not only on the candidates' background and current activities that would qualify them as independent but also whether the candidates can act independently of management.

In identifying candidates for the Board, the NRC shall obtain recommendation of potential candidates from the existing Board members, major shareholders or seek professional advice and/or conduct search by utilising a variety of independent sources.

The NRC did not convene any meeting during the FY2023. The first inaugural meeting was held on 29 May 2023 and the following activities were undertaken by the nomination committee in the discharge of its duties:

- adoption of annual assessment forms for the Board, Board Committees, Directors and Key Senior Management;
- reviewed and recommended to the Board the re-election of Directors who are retiring at the forthcoming 2023 Annual General Meeting (“AGM”); and
- reviewed the trainings attended by each Director during the FY2023 and determined their training needs.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board comprises 3 women directors out of the 7 Board members, which represents 42.9% of the Board's composition.

The breakdown of the Board by gender, age and ethnicity as at 31 March 2023 are as follows:

Gender		Age		Ethnicity	
Male	4	40 - 49	1	Malay	1
Female	3	50 - 59	3	Chinese	6
		Above 60	3	Indian	-

## Remuneration Activities

The Remuneration Committee reviews the remuneration packages, reward structure and benefits applicable to the Executive Directors and Key Senior Management on an annual basis and makes recommendations to the Board. The Board as a whole determines the remuneration of the Executive Directors and Key Senior Management with each individual Director abstaining from decision in respect of his own remuneration.

The remuneration package for the Executive Directors comprises a fixed salary and allowances whilst the remuneration for the Independent Non-Executive Directors comprises annual fees and meeting allowance in connection with Board and Board Committees meetings.

## 11. APPOINTMENT AND RE-ELECTION OF DIRECTORS

The appointment of a new Director and the criteria used for selection is a matter for consideration and decision by the Board collectively upon appropriate recommendation by the NRC. New Directors are expected to have such expertise so as to qualify them to make positive contribution to the Board, perform their duties and to give sufficient commitment, time and attention to the affairs of the Company.

The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

In accordance with the Company's Constitution, all newly appointed Directors shall retire from office but shall be eligible for re-election at the next AGM subsequent to their appointment. The Constitution further provides that at least 1/3 of the Directors for the time being shall retire by rotation at each AGM at least once in every 3 years but shall be eligible for re-election.

The NRC will, upon the review and evaluation of the Directors' performance and contribution to the Board, if satisfactory, submit its recommendation to the Board for approval before tabling the same to the shareholders for approval at the AGM.

The Company had on 29 December 2022 established a Directors' Fit and Proper policy to enhance the governance of the Company in relation to the Board's quality and integrity. The Board and the NRC shall conduct the fit and proper assessment prior to the appointment of any candidate as Director, or making recommendation for the re-election of retiring Director.

## 12. DIRECTORS' REMUNERATION

The Company aims to set remuneration at levels which are sufficient to attract and retain the Directors needed to run the Company successfully, taking into consideration all relevant factors including the function, workload and responsibilities involved.

The NRC will formulate policies, guideline and set criteria for remuneration package for the Executive Directors and Key Senior Management to ensure that they are fairly and appropriately remunerated. The NRC may obtain independent advice in establishing the level of remuneration for the Executive Directors and Key Senior Management.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration paid/payable to each individual director for the FY2023 are as follows:

Name of Director	Salary/ Fees RM'000	Bonus RM'000	Statutory Contributions RM'000	Benefits- in-kind RM'000	Total RM'000
<b>Executive</b>					
Datuk Seri Ng Thien Phing	2,160	988	425	254	3,827
Datuk Lam Soo Keong @ Low Soo Keong	1,584	724	316	222	2,846
Lee Chee Seng	916	438	193	150	1,697
<b>Non-Executive</b>					
Chan Seng Fatt	38	-	-	-	38
Ong Soo Chan	36	-	-	-	36
Phang Sze Fui	35	-	-	-	35
Zalinah Binti A Hamid	36	-	-	-	36

The Directors who are also shareholders of the Company will abstain from voting at general meetings in respect of the resolutions pertaining to the approval of their own fees.

### 13. KEY SENIOR MANAGEMENT'S REMUNERATION

Due to confidentiality and commercial sensitivities issues, the Board is not in favour of disclosing the Senior Management personnel's names and the various remuneration components (salary, bonus, benefits in-kind, other emoluments). In addition, the Board is of the opinion that disclosure of such information would not be to the Group's advantage in view of the stiff competition for talents market in property development industry.

### 14. INDEPENDENT DIRECTOR

Independent Directors play a leading role in Board Committees. The 4 Independent Directors – Mr Chan Seng Fatt, Ms Phang Sze Fui, Ms Ong Soo Chan and Puan Zalinah Binti A Hamid were appointed to the Board on 23 September 2022. The legal adviser had conducted an in-depth assessment and due diligence such as interview session, solvency and company searches and etc. before they were appointed to the Board.

As the Company was newly listed, none of the Independent Directors had served the Company for a cumulative term of 9 years. Notwithstanding that, the Board acknowledges the recommendation of the MCCG that the tenure of an Independent Director should not exceed a cumulative term of 9 years. In the event the Independent Director continues to serve the Board after serving for 9 years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process or the said Independent Director will be re-designated as Non-Independent Director.

### 15. TIME COMMITMENT

The Directors are aware of the time commitment expected from them to attend to matters of the Group. An annual meeting calendar is planned and agreed with the Directors and reviewed on quarterly basis. The Board meets on quarterly basis with additional meetings being convened as and when necessary to, inter alia, approve operational and financial performance reports and quarterly report. All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the financial year under review pursuant to the MMLR.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company held 5 Board meetings during the FY2023. The details of the attendance of each Board member are as follows:

Name	Number of meetings attended/ Number of meetings held
Datuk Seri Ng Thien Phing	5/5
Datuk Lam Soo Keong @ Low Soo Keong	5/5
Lee Chee Seng	5/5
Chan Seng Fatt	5/5
Ong Soo Chan	5/5
Phang Sze Fui	4/5
Zalinah Binti A Hamid	5/5

The Board is satisfied with the time commitment given by the Directors. All Directors do not hold more than five directorships in public listed companies under the MMLR.

## 16. DIRECTORS' TRAINING

The Directors are mindful that they shall receive appropriate training which may be required from time to time to keep abreast with the current developments of the industry as well as the new statutory and regulatory requirements. All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

The training and development programmes participated by each Director during the FY2023 are as follows:

Name of Director	List of Programmes
Datuk Seri Ng Thien Phing	<ul style="list-style-type: none"> <li>Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>Sustainability and Environmental, Social and Governance</li> </ul>
Datuk Lam Soo Keong @ Low Soo Keong	<ul style="list-style-type: none"> <li>Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>Sustainability and Environmental, Social and Governance</li> </ul>
Lee Chee Seng	<ul style="list-style-type: none"> <li>Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>Sustainability and Environmental, Social and Governance</li> </ul>
Chan Seng Fatt	<ul style="list-style-type: none"> <li>Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>Sustainability and Environmental, Social and Governance</li> <li>Audit Oversight Board Conversation with Audit Committee</li> <li>Environmental, Social and Governance Training</li> <li>Workshop on Integrated Reporting with Special Focus Area</li> </ul>
Ong Soo Chan	<ul style="list-style-type: none"> <li>Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>Sustainability and Environmental, Social and Governance</li> <li>Managing Whistleblowing and Conducting Effective Internal Corporate Investigations</li> <li>Environmental, Social and Governance Briefing for Board of Directors and Management</li> <li>Navigating Environmental, Social and Governance data into Decision</li> </ul>
Phang Sze Fui	<ul style="list-style-type: none"> <li>Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>Sustainability and Environmental, Social and Governance</li> <li>Bursa Immersive Session: The Board "Agender"</li> <li>Post Budget 2023</li> <li>Board of Director Leadership: ESG Essential</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Director	List of Programmes
Zalinah Binti A Hamid	<ul style="list-style-type: none"> <li>• Directors' continuing obligations and responsibilities as a director of a public listed company</li> <li>• Sustainability and Environmental, Social and Governance</li> <li>• Diversity, Equity and Inclusion, Climate Action 30% Club</li> <li>• Capital Market Director Programme – Business Challenges and Regulatory Expectations – What Directors Need to Know (Fund Management)</li> <li>• Capital Market Director Programme – Directors as Gatekeepers of Market Participants</li> <li>• Capital Market Director Programme – Risk Oversight and Compliance - Action</li> </ul>

In addition, the Board is also regularly updated on new developments pertaining to the laws and regulations, changing commercial risks and sustainability issues which may affect the Group.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. AUDIT & RISK MANAGEMENT COMMITTEE ("ARMC")

The ARMC comprises exclusively of Independent Non-Executive Directors. The ARMC is tasked by the Board to review matters relating to financial report, internal controls, external and internal audits, related party transactions and risk management framework and policies among others.

For further information on the ARMC with regards to its composition and activities, please refer to the ARMC Report in this Annual Report.

### 2. COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

In presenting the annual financial statements and quarterly results to the shareholders, the Board aims to present a balanced and clear assessment of the Group's financial positions and prospects. Before the financial statements were drawn up, the Directors have taken the necessary steps to ensure all the applicable accounting policies are applied consistently and that the policies are supported by reasonable and prudent judgement and estimates. All accounting standards, which the Board considers to be applicable, have been followed. The role of the ARMC in the review and reporting of the financial information of the Group is outlined in the ARMC Report in this Annual Report.

### 3. ASSESSMENT OF SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

The ARMC reviews the appointment, performance and fees of the External Auditors before recommending the re-appointment of the External Auditors of the Company to the Board and shareholders for approval.

The ARMC had on 3 July 2023 assessed the performance, objectivity and independence of the External Auditors and was satisfied with the competency, resources and independence of Deloitte PLT as External Auditors of the Company. The External Auditors had also confirmed their independence in accordance with their firm's policies prior to the commencement of audit.

### 4. SOUND FRAMEWORK TO MANAGE RISKS

The Company had established a robust framework for the oversight and management of material business risks. Risk register and risk profile are in place to identify, evaluate and manage the significant risks of the Group on an ongoing basis. All identified key risks were rated and prioritised in terms of likelihood on the risk occurring and its impact should the risk occur. The risk profile will be updated as and when necessary and reported to the ARMC on half yearly basis.

The risk management framework is presented in the Statement on Risk Management and Internal Control in this Annual Report.

### 5. INTERNAL CONTROL FUNCTION

To maintain total independence in the management of the internal control environment and remain in compliance with the MMLR, the Company has outsourced the Group's internal audit function to Baker Tilly Monteiro Heng Governance Sdn Bhd.

The outsourced Internal Auditors report independently and directly to the ARMC in respect of the internal audit function of the Group.

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



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

### 1. CORPORATE DISCLOSURE POLICY

The Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information to shareholders.

Since the launch of the Company's prospectus on 20 June 2023 in conjunction with its listing on the Main Market of Bursa Securities, the Management has conducted several media and analyst briefings as well as issued press statements on the corporate, financial and business affairs of the Group.

The Company has established a corporate website including the creation of a section where information on the Company's announcements/submission to the regulators and the salient features of the Board Charter, Board Committees' Terms of Reference and relevant policies can be accessed.

The primary contact for investor relations matters is Mr. Low Weng Cheong, our Head of Finance who is entrusted to address investment-related enquiries from shareholders via the email: [ir@skyworld.my](mailto:ir@skyworld.my).

### 2. LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Company uses a number of formal channels for effective dissemination of information to the shareholders and stakeholders particularly through the annual report, announcements to Bursa Securities, media releases, Company websites and investor relations.

Apart from the mandatory public announcements through Bursa Securities via Bursa LINK, our website at <https://www.skyworldgroup.com.my/investor-relations> also provides corporate, financial and non-financial information.

### 3. ENGAGEMENT WITH SHAREHOLDERS

The Board recognises that the AGM is an important platform for its engagement with the shareholders of the Company. The forthcoming AGM will be the first AGM of the Company as a public listed company. The Board will provide a platform to the shareholders to raise questions pertaining to the business activities of the Company at the AGM. All the Directors are

committed to present at the forthcoming AGM to be held on 29 September 2023 to engage with shareholders personally and proactively.

The Notice of the AGM ("the Notice") to be held on 29 September 2023 and the Annual Report will be issued to the shareholders not less than 28 days before the meeting. The additional time given to the shareholders allows them to make the necessary preparations to attend and participate the AGM. More importantly, it provides shareholders sufficient time to go through the annual report and information supporting the resolutions proposed.

The Company provides sufficient information to the shareholders for the AGM, including the entitlement to vote and the right to appoint a proxy. Every shareholder can vote in person or by appointing a proxy to attend and vote on his/her behalf.

The Notice contains information such as the date, time and venue of the AGM, the shareholders' right to appoint a proxy and details of the resolutions that will be tabled at the AGM. The resolutions set out in the Notice will be voted by poll and an independent scrutineer will be appointed to validate the votes in pursuance to the MMLR of Bursa Securities.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions set out in the Notice will be put to vote by way of poll. The Board will make an announcement on the detailed results showing the number of votes cast for and against each resolution at the AGM to facilitate greater shareholder participation.

### KEY FOCUS AREAS IN RELATION TO CORPORATE GOVERNANCE PRACTICES

As part of the Company's preparation for listing on the Main Market of Bursa Securities, the Board has established and adopted various Board policies, as part of its efforts to align the Company's corporate governance with the latest regulatory requirements. This led to the adoption of some new policies including Directors' Fit and Proper Policy, Whistleblowing Policy, Anti-Bribery and Corruption Policy, Related Party Transactions Policy, Conflict of Interest Policy, Compliance Monitoring Framework, Personal Data Protection Act Policy, Risk Management Framework Policy, Stakeholders Communication Policy and Sustainability Framework, Policy and Procedures.

The Board will continue to establish and adopt the necessary Board policies in order to fully comply with the best practices of the MCCG and continuously monitoring on strategic management of material sustainability matters undertaken by the Management.

This Corporate Governance Overview Statement was approved by the Board on 20 July 2023.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

The Board is pleased to present the Audit & Risk Management Committee ("ARMC") Report for FY2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

## COMPOSITION

The ARMC was established by the Board on 23 September 2022 as part of its preparation for listing of the Company on the Main Market of Bursa Securities. The ARMC assists the Board in its oversight of the Group's financial statements and reporting in fulfilling its fiduciary responsibilities relating to internal controls, financial reporting practices, risk management framework and policies.

The ARMC comprises 3 members, all of whom are Independent Non-Executive Directors. The composition meets the requirements of Paragraph 15.09 of the MMLR and the Step-Up Practice 9.4 of the Malaysian Code on Corporate Governance.

The members of the ARMC and their respective designation are as follows:

	Designation
<b>Chairman</b> Chan Seng Fatt	Independent Non-Executive Director
<b>Members</b> Ong Soo Chan	Independent Non-Executive Director
Phang Sze Fui	Independent Non-Executive Director

All members of the ARMC are financially literate. None of the members were former key audit partners of the Company's existing External Auditors, Deloitte PLT. The ARMC Chairman, Mr Chan Seng Fatt, is a member of the Malaysian Institute of Accountants and a former fellow member of the Chartered Institute of Management Accountants whilst Ms Phang Sze Fui, a member of the ARMC, is a fellow member of The Association of Chartered Certified Accountants and a member of MIA.

The ARMC met three times during the FY2023. The details of their attendance are as follows:

	Number of meetings attended/ Number of meetings held
Chan Seng Fatt	3/3
Ong Soo Chan	3/3
Phang Sze Fui	2/3

The External Auditors, Executive Directors, Head of Finance, Compliance Officer and the relevant management personnel were invited to attend the ARMC meetings to facilitate direct communication on matters under the consideration of the ARMC, or which, in their opinion, should be brought to the attention of the ARMC. The Chairman of the ARMC reports to the Board on matters discussed at every ARMC meeting as well as the ARMC's recommendations, to the Board for consideration after the ARMC meeting. All deliberations during the ARMC meetings were minuted and the minutes were tabled to the Board for notation after they were confirmed at each succeeding ARMC meeting.

## TERMS OF REFERENCE

The duties and responsibilities of the ARMC are set out in the Terms of Reference of the ARMC which was adopted by the Board on 27 September 2022, a copy of which is available for viewing on our website at <https://www.skyworldgroup.com.my/investor-relations>.

## SUMMARY OF ACTIVITIES OF THE ARMC

The ARMC has carried out the following activities in discharging their duties and responsibilities in accordance with its Terms of Reference:

- (a) Reviewed and recommended the following policies to the Board for adoption as part of the Company's preparation for listing on the Main Market of Bursa Securities at the first inaugural ARMC meeting held on 29 December 2022:
  - Whistleblowing Policy;
  - Anti-Bribery and Corruption Policy;
  - Related Party Transactions Policy;
  - Conflict of Interest Policy; and
  - Risk Management Framework Policy.

The ARMC also discussed the Compliance Monitoring Framework and agreed to establish such framework as part of the Company's efforts to increase compliance awareness among the employees and to monitor if the industry as well as corporate and regulatory rules and standards are adhered to.

# AUDIT & RISK MANAGEMENT COMMITTEE REPORT

(b) On 15 February 2023, the ARMC reviewed and approved the audit plan of the Group for the FY2023 prepared by the External Auditors entailing mainly the Group's materiality threshold, significant risks and areas of audit focus, internal control plan and audit timeline to ensure that the scope of work is adequate.

(c) On 30 March 2023, the ARMC received report from the Compliance Officer on the activities conducted by the compliance team since the establishment of the Compliance Monitoring Framework on 29 December 2022 as well as the identified and/or potential non-compliance issues and its remediation action plan.

(d) Prior to the Listing, the ARMC reviewed the audited financial statements for the nine-months financial period ended 31 December 2022 for inclusion in the Company's prospectus in conjunction with the Company's initial public offering on 12 May 2023.

The ARMC had also on 3 July 2023 reviewed the unaudited financial results for the fourth quarter ended 31 March 2023 and recommended for Board's approval and release to Bursa Securities in compliance with the MMLR. The ARMC also reviewed and recommended the proposed first interim single-tier dividend of 3.0 sen for each ordinary share for the FY2023 to the Board for approval after taking into consideration the profits, cash flow and solvency of the Company.

(e) Reviewed and discussed with the External Auditors the financial statements for the FY2023, significant issues and concerns arising from the audit, summary of misstatements, key audit matters as well as the adequacy of disclosures in the financial statements on 3 July 2023, before recommending the same to the Board for approval.

The ARMC had on the same day assessed the performance, objectivity and independence of the External Auditors. Upon reviewed and being satisfied with the competency, resources and independence of Deloitte PLT, the ARMC recommended the re-appointment of Deloitte PLT as External Auditors of the Company to the Board for approval.

(f) Reviewed the audit fees and non-audit fees and services provided by the External Auditors and recommended the same for Board's approval.

(g) Met with the External Auditors without the presence of the Executive Directors and Management on 3 July 2023 to discuss key issues within their responsibilities and to ensure there were no restrictions on their scope of audit for the FY2023. There were no major concerns from the External Auditors and they had been receiving full co-operation from Management during the course of audit.

(h) Reviewed the recurrent related party transactions ("RRPTs") entered into by the Group on quarterly basis to ensure that the RRPTs are carried out on arm's length, fair and reasonable, and on normal commercial terms and are not detrimental to the interest of the minority shareholders of the Company.

(i) Received the Management Report encompassing the financial performance and financial highlights and operations of the Group on quarterly basis.

(j) Appointed Baker Tilly Monteiro Heng Governance Sdn Bhd, an independent internal audit service provider to undertake internal audit activities.

(k) Reviewed the risk registers and risk profile of the Group as well as the mitigating actions on half-yearly basis.

(l) Reviewed the Corporate Governance Report, ARMC Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis and Corporate and Corporate Governance Overview Statement and recommended the same for Board's approval prior to their inclusion in the Annual Report.

(m) Reviewed the Circular to Shareholders in relation to the RRPTs and recommended to the Board for approval prior to the issuance to the shareholders.

## INTERNAL AUDIT FUNCTIONS

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd. The Internal Auditors of the Company were appointed on 6 July 2023. The Company had prior to the Listing, engaged Tricor Axcelasia Sdn Bhd as the internal control consultant to assist with due diligence on the adequacy of the internal controls and risk management practices of the Group. The measures taken by the Group to enhance the internal control system of the Group and to prevent recurrence of the identified non-compliance incidents are disclosed in the Prospectus of the Company.

Please refer to the Statement on Risk Management and Internal Control on pages 40 to 45 in this report.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") is dedicated to fostering and maintaining an effective risk management framework and internal control systems across the Group. The Board's declaration on Risk Management and Internal Control provides an overview of the Group's risk management framework and the current state of its internal control.

This Statement is prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad which denotes that the Boards of listed companies are required to include a "statement about the state of internal control of the listed issuer as a company" in their annual report, with its disclosures being guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

In addition, the Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia requires the Board to establish a sound risk management framework and internal control system.

## BOARD RESPONSIBILITY

The Board maintains its responsibility, commitment and accountability for overseeing the risk management and internal control systems of the Group, encompassing not only financial controls but all types of control including strategic, operational, environmental and regulatory compliance aspects. These systems are designed to ensure their integrity, adequacy and effectiveness.

The responsibility for implementing these control systems lies with the management, who regularly provide updates on identified key risks and the corresponding actions taken to mitigate or minimise them. The Audit & Risk Management Committee ("ARMC") plays a crucial role in overseeing these vital aspects.

The Group's risk management and system of internal control are structured to reasonably assure that any likelihood of a significant adverse impact on objectives arising from a future event or situation is at a level acceptable to the business. This is accomplished through a combination of preventive, detective and corrective measures. They also provide accurate reporting, support decision-making processes and ensure compliance with regulatory and statutory requirements.

Furthermore, to assure the adequacy, effectiveness and integrity of the risk management framework and internal control system, The Board employs an ongoing review process to ensure the presence of a robust framework for ongoing risk management processes.

This involves identifying, evaluating and managing significant risks faced by the Group in order to promote the long-term success of the Group. It is important to note that these systems are primarily aimed at managing and mitigating identified risks rather than eliminating them, as determined and assessed by the Management. Accordingly, such systems can only provide reasonable and not absolute assurance against material error, misstatement or losses.

## MANAGEMENT RESPONSIBILITY

Management has the duty to establish and execute procedures for the identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

Management's responsibilities in relation to risk management should involve:

1. Identifying the risks that are relevant to the Group's business, as well as its objectives and strategies.
2. Developing, implementing and monitoring the risk management framework in alignment with the Group's strategic vision and overall risk tolerance.
3. Identifying any changes in risk or emerging risks, taking appropriate actions and promptly notifying the Board of these developments.

The Chief Risk Officer, who is primarily accountable for the effectiveness of the risk management system, leads the Group Risk Management Department and assists the ARMC. The Chief Risk Officer is assisted by the Risk Working Committee which comprises of all Heads of Function as stated in the risk management framework:

The following functions and duties are incumbent on the Chief Risk Officer:

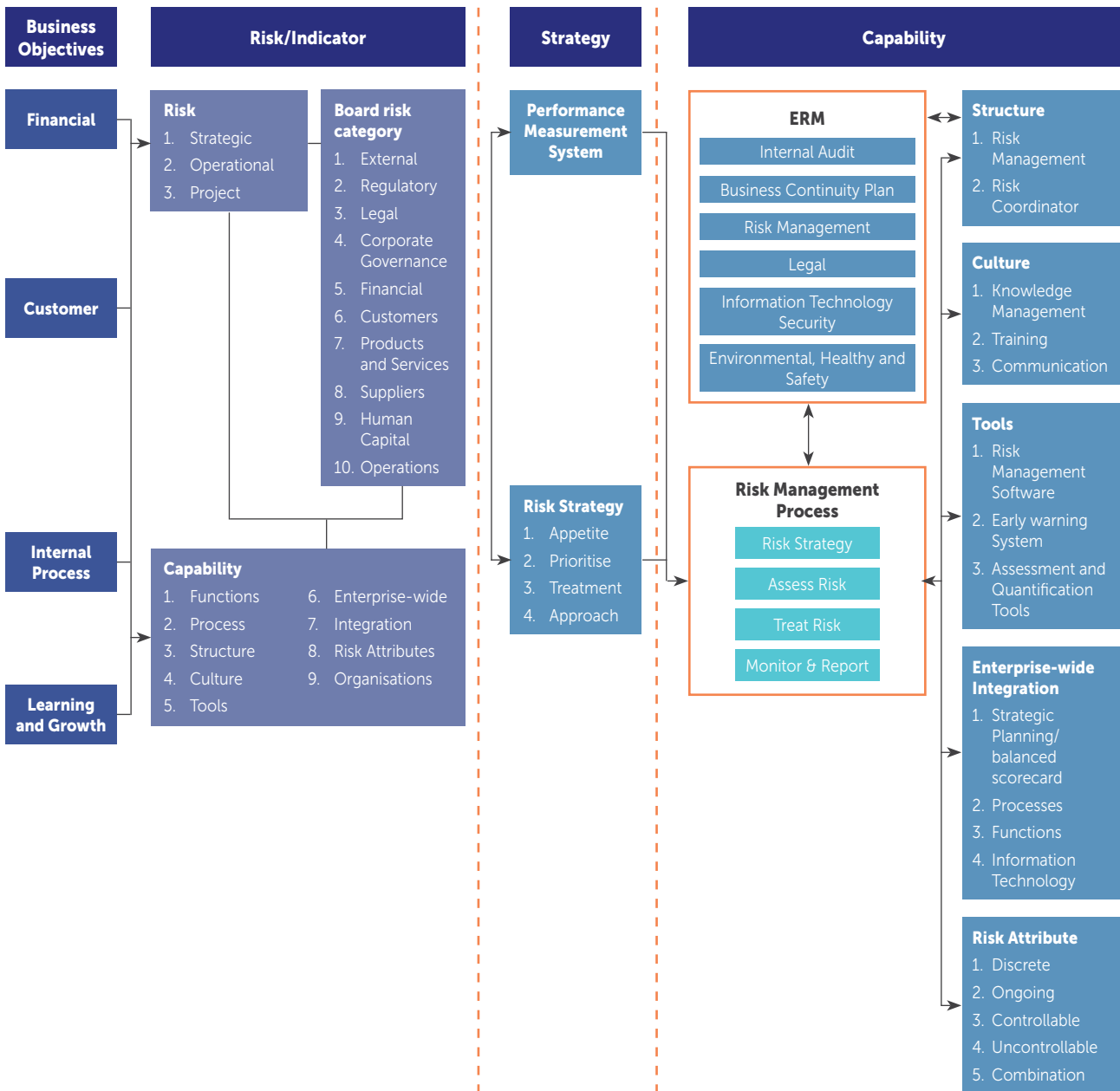
1. Acting as the central Enterprise Risk Management ("ERM") guide to develop, supervise and update the ERM system and the Group-wide uniform ERM guidelines after consulting with the ARMC.
2. Aggregate and monitor Group's risk position and key identified risks addressed, and annually report to the Board on the risk situation/status.
3. Participate in and develop business planning activities involving risk considerations, training and communications on ERM details, as well as liaising with risk owners within the Group.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## ENTERPRISE RISK MANAGEMENT FRAMEWORK AND PROCESS

The Group through the Board has partially adopted an ERM framework for the process of identifying, evaluating, monitoring and managing the significant risks affecting the achievement of the Group's business objectives.

The Group's partial adoption of the ERM framework is currently referencing the ERM framework's five elements under ISO 31000:2018 Risk Management – Guidelines.



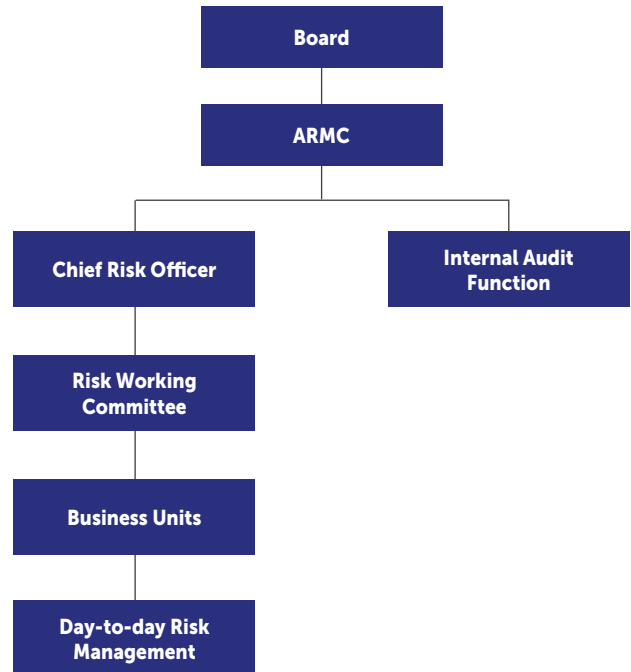
# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group’s implementation of the ERM framework does balance risks and controls, and this framework is supplemented by an objective assurance on the adequacy and integrity of the internal control system provided by an independent internal audit function.

To oversee this risk management framework, the responsibility is delegated to the ARMC. The ARMC ensures that all principal risks of the Group are appropriately addressed and managed within acceptable levels. The ARMC reports its findings and recommendations to the Board.

The ARMC plays a vital role in continuously assessing and identifying risks. It also implements necessary controls and mitigation plans to maintain risks at an appropriate level acceptable to the Group during the financial year. All significant risks identified, along with relevant controls and mitigation plans implemented by the Management, are documented in risk management reports. These reports are compiled and presented to both the ARMC and the Board for thorough deliberation.

The risk operating structure established by the Group clearly outlines the responsibilities and delegated authorities to assist the Board in discharging its duties.



## KEY RISKS

The Group’s operations are influenced by various risk factors and the following risks were most prevalent:

Risks	Description	Response
<b>Potential increase in development costs</b>	The possibility that expenses associated with developing a housing development may rise beyond initial estimates. This risk can have significant implications to our businesses where cost overrun could erode the profitability	<ul style="list-style-type: none"> <li>Conduct thorough cost estimation and budgeting, and factor in contingency costs to ensure development feasibility</li> <li>Conduct detailed evaluation in contract tendering to ensure the contractor’s reliability and ability to sustain cost escalation</li> <li>Monitor market trends on material price fluctuation</li> <li>Optimise value engineering, design efficiency and cost by considering practical value propositions for customers without compromising on product quality</li> </ul>
<b>Limitations in sourcing suitable landbanks</b>	The challenges associated with finding and acquiring appropriate parcels of land for developments. It can have significant implications for development timelines, costs and overall feasibility	<ul style="list-style-type: none"> <li>Conduct thorough assessments on land suitability prior to acquiring them</li> <li>Diversify landholdings within an area to avoid cannibalisation of the same market while providing flexibility in new launches</li> <li>Undertake strategic joint ventures or partnering with landowners to gain expanded access to land and reduce land ownership costs</li> </ul>



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risks	Description	Response
<p><b>Dependency on contractor's performance</b></p>	<p>The potential challenges and uncertainties that arise when a development relies heavily on the capabilities, reliability and efficiency of contractors or subcontractors involved in the execution of the development. Poor workmanship or even delays in completion can result in the Group being prone to reputational risks and liquidated ascertained damages claims, which in turn could erode the profitability</p>	<ul style="list-style-type: none"> <li>• Conduct thorough pre-qualification in selecting contractors by evaluating competency and financial stability</li> <li>• Diversify the contractor pool</li> <li>• Monitor contractors' performance in terms of timeliness, adherence to product specification, health and safety practices at construction sites</li> <li>• Conduct quality briefing at our Quality Center to educate contractors and consultants on our quality specifications and expectations</li> </ul>
<p><b>Liquidity risk</b></p>	<p>The inability to meet financial obligations or sufficient capital to support the Group's ongoing developments as well as to pursue plans for business growth</p>	<ul style="list-style-type: none"> <li>• Regularly review and apply district financial discipline in managing cash flows and debts, while also maintaining sufficient cash reserves</li> <li>• Diversify funding sources by tapping into debt and equity capital market</li> </ul>
<p><b>Economic dynamics</b></p>	<p>Fluctuations and changes in the broader economic environment in which businesses and developments operate, encompassing factors such as economic growth, inflation, interest rates, exchange rates, market conditions and consumer spending patterns. Notably, the slower property demand will force the Group to lower its profit margins to stay competitive</p>	<ul style="list-style-type: none"> <li>• Ensure continuous supply of quality and value-added products</li> </ul>
<p><b>Changes in government policies</b></p>	<p>The potential uncertainties and challenges arising from alterations in regulations, laws and policies implemented by governments. The property sector is a relatively highly-regulated sector and whenever there are changes in policies the Group will need to adjust our operations or processes to comply with new regulations or standards</p>	<ul style="list-style-type: none"> <li>• Remain vigilant in monitoring changes in government policies, regulations and compliance requirements</li> <li>• Develop a compliance checklist in early stages of development planning</li> </ul>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTERNAL CONTROLS

The key internal control mechanisms and features of the Group are:

### Core Values

The Group's Core Values, which consist of its Vision, Mission, organisational culture and ethical codes and policies which can be accessed by employees via the employee handbook.

The codes and policies are reviewed when necessary to ensure they remain relevant in addressing any ethical issues that may arise within the organisation.

### Board Committees

On 23 September 2022, the Group established an ARMC and the Nomination & Remuneration Committee. With the establishment of these committees came the implementation and outlining of appropriate Terms of Reference, authority and responsibility. Both committees are comprised entirely of Independent Non-Executive Directors with duties and obligations set out in place.

### Organisational Chart

The Group's leadership and organisational structure has been clearly charted out to clearly define the segregation of duties, accountability, authority and responsibilities for the relevant bodies.

### Standard Operating Procedure ("SOP")

SOPs and checklists have been adopted by the Group's respective operating units enabling the systematisation of internal processes, promote alignment among team members and other stakeholders, and facilitate cohesive progress. By documenting and following SOP, The Group can establish clear guidelines for carrying out tasks, ensuring consistency and minimising confusion. The SOP helps streamline operations, enhance efficiency and contribute to overall organisational effectiveness. They serve as a reference point for employees, ensuring that everyone understands the prescribed methods and can work together towards shared objectives. Additionally, the SOP can aid in maintaining quality standards, improving communication and facilitating smooth transitions when team members change roles or new members join the Group.

## Annual Budget and Business Plan

The Group has a comprehensive budgeting process in effect that mandates the creation of an annual budget and business plan. The management team closely examines these notable variances and takes appropriate action when needed, regularly reporting to Executive Committee. The Board reviews and monitors the financial and business performance of the Group on a quarterly basis to better address management and corporate concerns.

## Compliance Monitoring Framework and Compliance Officer

A Compliance Monitoring Framework has been established to ensure that our Group's compliance matters are effectively managed with responsible stewardship and it also serves as our Group's commitment to uphold proper compliance management. The framework sets out the roles and responsibility, compliance obligations checklist, procedures on managing compliance issues and incidents, to ensure strict compliance to all relevant rules and regulations.

The implementation of such measures is overseen by top management including the Executive Directors and Chief Executive Officer. However, this is to be further enhanced via the appointment of Datuk Lam, our Non-Independent Executive Director as the Compliance Officer effective 1 January 2023 to ensure that compliance management practices are guided by the Compliance Monitoring Framework and are effectively enforced, including periodic reporting on the compliance management practices effectiveness and potential non-compliance issues to the Executive Committee and the ARMC on a monthly and quarterly basis, respectively.

## Whistleblowing Policy

The Group has implemented a Whistleblowing Policy that outlines the procedures and obligations associated with reporting concerns, ensuring protection and confidentiality for those who come forward. The main objective of this policy and its associated procedures is to encourage individuals to express legitimate concerns without the fear of facing retaliation.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## Anti-Bribery and Corruption Policy

SkyWorld strongly holds a zero-tolerance approach to any form of bribery and corruption in the Group and along its value chain. The principles of professionalism, fairness and integrity in all business dealings and relationships must always be observed. To maintain high ethical standards, the Group has established an Anti-Bribery and Corruption Policy which is accessible on our official website.

## INTERNAL AUDIT FUNCTION

The Group's internal audit function, which reports directly to the ARMC, is outsourced to Baker Tilly Monteiro Heng Governance Sdn Bhd. The Company has prior to the Listing, engaged Tricor Axcelasia Sdn Bhd as the internal control consultant to assist with due diligence on the adequacy of the internal controls and risk management practices of the Group. The measures taken by the Group to enhance the internal control system of the Group and to prevent recurrence of the identified non-compliance incidents are disclosed in the Prospectus of the Company.

These undertaken measures and actions plans include adopting the Tax Corporate Governance Framework and Guidelines and establishing the Compliance Monitoring Framework and the Personal Data Protection Policy to address the identified internal control gaps/lapses.

## STATEMENT REVIEW BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement On Risk Management and Internal Control for inclusion in the annual report, in pursuant to Para 15.23 of the MMLR. The review was conducted in accordance with

Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk and control procedures.

Upon conducting a review, the external auditors have provided feedback to the Board, stating that they have not identified any issues that lead them to believe this Statement is inconsistent with their understanding of the process and review undertaken by the Board regarding the adequacy and integrity of the Group's risk management and internal control.

This Statement is made in accordance with a resolution of the Board dated 20 July 2023.

## CONCLUSION

While Group's Risk Management Framework was only implemented from 1 January 2023 onwards and thus its effectiveness and adequacy is still under scrutiny as of 31 March 2023, the Chief Executive Officer, Chief Risk Officer and Head of Finance (who hold responsibility for the Group's financial affairs) is committed to providing annual assurance to the Board that the established risk management framework and internal control system are operating adequately and effectively in all significant aspects, based on the Group's adopted risk management model.

During the financial year under review, there were no significant control failures or adverse compliance events that would have directly led to any substantial losses for the Group.



# ADDITIONAL COMPLIANCE INFORMATION

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There is no utilisation of proceeds raised from corporate proposal at the end of FY2023 as the Company was listed on the Main Market of Bursa Malaysia Securities Berhad on 10 July 2023.

In conjunction with the listing exercise, the Company undertook a public issue of 208,000,000 new ordinary shares at an issue price of RM0.80 per share, raising gross proceeds of RM166.4 million which shall be utilised in the following manner:

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Estimated timeframe for utilisation from Listing
Acquisition of land for development	100,000	N/A	Within 36 months
Working capital for project development	35,192	N/A	Within 24 months
Repayment of bank borrowings	20,000	N/A	Within 12 months
Estimated listing expenses	11,208	N/A	Immediate
<b>Total</b>	<b>166,400</b>	<b>N/A</b>	

## AUDIT AND NON-AUDIT FEES

The amount of the external audit fees and non-audit fees incurred for the FY2023 were as follows:

	Group RM	Company RM
Audit fees	525,966	152,800
Non-audit fees	1,175,000	1,175,000

The non-audit fees incurred are mainly for services performed in connection with the Company's initial public offering and listing exercise, and the review of the Statement on Risk Management and Internal Controls.

## RECURRENT RELATED PARTY TRANSACTIONS ("RRPTS")

Save for the RRPTS as disclosed in Note 26 of the financial statements, there was no other transaction entered into with the related parties during FY2023.

The Company will be seeking shareholders' mandate for the RRPTS following its listing, at the forthcoming Annual General Meeting to be held on 29 September 2023. The details of the proposed new shareholders' mandate for RRPTS are disclosed in the Circular to Shareholders dated 31 July 2023.

## MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

There were no material contracts entered into by the Group, involving the interests of the Directors and major shareholders, either still subsisting at the end of FY2023 or entered into since the end of the previous period.

## MATERIAL RISKS AND/OR NON-COMPLIANCES IDENTIFIED DURING THE FY2023

As disclosed in the Company's prospectus dated 20 June 2023, the following non-compliance were identified and the Group undertook to resolve it where correction actions had been formulated and implemented for any incidents of non-compliance and exceptions reported with its implementation being monitored closely by the Management or the relevant division:

## ADDITIONAL COMPLIANCE INFORMATION

Non-compliance identified during FY2023	Key mitigation measures/status of compliance
<p>1. Operating at business premises without certificate of completion and compliance or certificate of fitness for occupation.</p>	<p>The Group had requested Dewan Bandaraya Kuala Lumpur's ("DBKL") consent to allow the company concerned to continue operating at the Setiawangsa Sales Gallery and such consent had been granted.</p> <p>In respect of Sentul sales gallery, the Group had vacated and ceased operations on that premises.</p>
<p>2. Continuance operation of Bukit Jalil Gallery despite expired development order authorising the temporary use.</p>	<p>The Group had vacated and ceased operations of Bukit Jalil gallery.</p>
<p>3. 10 companies within the Group processed personal data without a certificate of registration issued under the Personal Data Protection ("PDPA") Act 2010.</p>	<p>The Group had obtained valid certificates of registration for the companies, where necessary. Further, the Group had adopted PDPA Policy to ensure compliance with the PDPA Act.</p>
<p>4. Entered into sales and purchase agreements ("SPA") prior to the submission of the:</p> <ul style="list-style-type: none"> <li>(i) Certificate of Share Unit Formula and Schedule of Parcel to the National Housing Department of Malaysia in respect of 7 housing developments within the Group; and</li> <li>(ii) Schedule of Parcel to the Commissioner of Building in respect of 8 housing developments within the Group.</li> </ul>	<p>The Group had written to both authorities. They acknowledged such disclosures and reminded the Group to ensure timely compliance moving forward.</p> <p>The Group had implemented a master checklist procedure, which forms part of the Group's Compliance Monitoring Framework, to be reviewed regularly and signed off by the relevant duty officer to reduce the risk for the re-occurrence of such non-compliance.</p>
<p>5. 10 companies within the Group collected booking fees from customers for the sale of units prior to the execution of the SPAs in respect of housing developments where certificate of completion and compliance has yet to be issued.</p>	<p>The Group had stopped collecting booking fees upfront and will not be collecting booking fees in respect of the sale of property units prior to the execution of the SPA.</p>
<p>6. 2 housing developments of the Group unable to satisfy the Bumiputera Quota Condition imposed for the developments and had eventually sold the Bumiputera allocated units to non-Bumiputera customers without obtaining prior approval from DBKL.</p>	<p>The Group will apply to DBKL for the release of the Bumiputera allocated units to non-Bumiputera purchasers when the development progress of SkyVogue Residences achieves 50% which is estimated to be by Q3 2023.</p> <p>In respect of SkyLuxe On The Park Residences, DBKL had granted their approval to release the remaining balance of Bumiputera allocated units.</p> <p>In addressing this non-compliance, the Group had implemented a master checklist procedure, which forms part of our Group's Compliance Monitoring Framework, to be reviewed regularly and signed off by the relevant duty officer to reduce the risk of the re-occurrence of such non-compliance.</p>
<p>7. SkyWorld Development (Vietnam) Company Limited ("SkyWorld Vietnam") registered with Department of Planning and Investment of Ho Chi Minh City in respect of the Enterprise Registration Certificate ("ERC") for an increase in the charter capital to USD10,286,554. In accordance with the Law of Enterprises, capital contribution must be completed prior to amending the ERC, however, SkyWorld Vietnam had obtained the amended ERC prior to completing the increase in charter capital.</p>	<p>SkyWorld Vietnam had rectified their ERC in accordance with its actual capital contributed of USD10,286,554, with an administrative penalty of VND25.0 million (equivalent to RM4,575.00) to the State Treasury of Vietnam for its inaccurate registration of charter capital contribution.</p>

Notwithstanding the above, there were no material penalty imposed on the Group and its Directors or Management by any regulatory body during the financial year.

# SUSTAINABILITY HIGHLIGHTS



## Corporate Social Responsibility Contribution

In May 2023, SkyWorld Foundation was established to serve as a platform for the Group to fulfil our CSR initiatives, with a goal to provide aid and improve the welfare of local communities

## Eco-friendly Building Features

Our buildings incorporate environmentally friendly designs including natural air ventilation and lighting, rainwater harvesting systems in landscape areas, energy efficient lighting, use of green products and electrical vehicle charging stations

## Supporting Local Businesses

The Group focus is on using local suppliers as much as possible and deliver better social value to the community



## Strengthening Compliance and Governance

To further strengthen governance, we have appointed four independent directors and formed an Audit & Risk Management Committee. This aligns with our pledge to conduct our business with high standards of integrity, business ethics and compliance with all applicable laws and regulatory requirements



## Towards Green Certification

To date, around half of our developments are green certified. The Group endeavours to ensure that all future developments adhere to Green Building Index standards



## Strengthening our Sustainability Policy

We commit full responsibility to embed economic, environmental and social factors into our core strategy to deliver sustainable value and goals






# SUSTAINABILITY HIGHLIGHTS



### Sustainability Framework Guidance

This framework was approved by the Board on 29 December 2022 and is effective 1 January 2023. It serves to guide us on our sustainability journey



### Implementing Sustainability Reporting Operating Procedures

Approved by the Board on 29 December 2022 and effective 1 January 2023, this document sets out our reporting procedures

### Reinforcing our Zero-tolerance Policy towards Bribery and Corruption

Clear guidance is outlined and communicated to all employees to ensure the right corporate behaviour is practised, with safe channels of reporting highlighted. This also aligns with Section 17A of Malaysian Anti-Corruption Commission Act 2009 (amendment)




### Stakeholder Communication Policy

Continuous engagement with stakeholder groups enables us to better strategise our business objectives and social goals to align with stakeholders' expectations



### Governance for Director

The Directors' Fit and Proper Policy serves as a guide for our Nomination & Remuneration Committee and the Board of Directors in their review and assessment of potential candidates as Directors or re-election



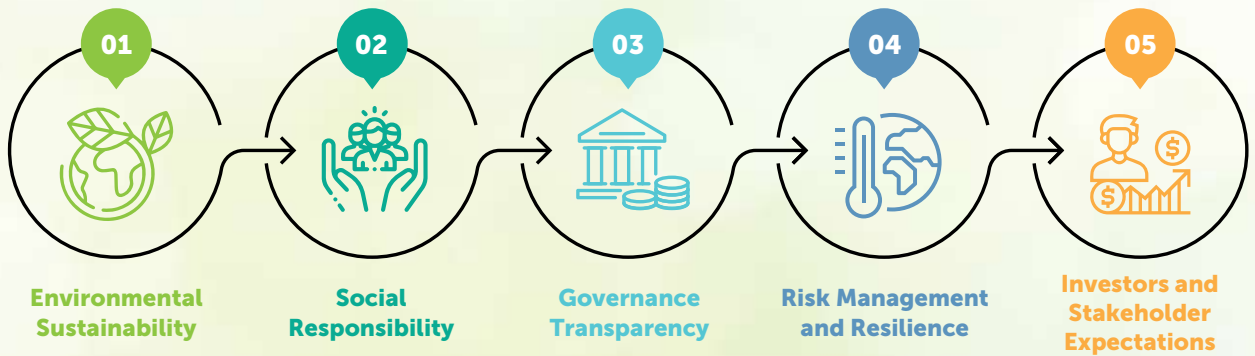
# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

### INTRODUCTION

SkyWorld Development Berhad (“the Group” and “the Company”) is committed to aligning its corporate values with its vision of being “Always Best City Developer” with the purpose to “Make Living Better”. To achieve this, the Group acknowledges its responsibility to integrate Environmental, Social and Governance (“ESG”) factors into its core strategy to deliver sustainable values and goals.

In the global business landscape, ESG considerations have gained increasing significance and emphasis in all businesses. As a Malaysia-based, urban real estate development company, SkyWorld recognises the importance of embracing ESG principles and practices for several reasons.



By prioritising environmental sustainability through the adoption of energy-efficient designs, utilisation of renewable energy sources and incorporating eco-friendly materials, the Group can make valuable contributions to the environment appeal to environmentally conscious home buyers.

By demonstrating social responsibility through the creation of inclusive spaces, support for local businesses and a commitment to resident well-being, the Group can cultivate stronger community relationships and enhance its brand reputation.

By emphasising governance and transparency through robust corporate governance structures and ethical practices, the Group can build trust among investors and stakeholders.

By embracing ESG principles, The Group can identify and mitigate risks, including those associated with climate change, while simultaneously attracting socially responsible investors and meeting stakeholder expectations.

By incorporating ESG practices, the Group can attract socially responsible investors, access capital and differentiate itself from competitors, given that ESG considerations have become vital criteria for investors and stakeholders in evaluating companies.

# SUSTAINABILITY STATEMENT

Overall, the integration of ESG practices into its operations allow the Group to contribute to a more sustainable and resilient property industry while reaping the benefits of a positive brand image and ensuring long-term business viability. Hence, the Group is committed to achieving sustainability goals by incorporating economic, environmental and social responsibilities, as well as effective corporate governance into all aspects of its business and operations, and has established a sustainability policy to guide its efforts and address material matters.

## REPORTING FRAMEWORK, SCOPE AND BOUNDARY

The scope of this report includes the operations of the Group which covers the reporting period from 1 April 2022 to 31 March 2023, with most statistics presented based on a three-year timeframe. Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide Third Edition was referenced in the preparation of our Sustainability Statement 2023.

## REPORT QUALITY AND ASSURANCE

The report's data has been internally sourced and verified by the respective business units or information owners. The Group will continue to strengthen its data collection and analysis procedures to enhance the quality and accuracy of its data going forward.

## EXCLUSIONS AND LIMITATIONS

Outsourced operations beyond the Group's management control are excluded from the report unless otherwise mentioned.

The Group is cognisant that despite its best efforts, data for certain disclosures may be unavailable. Therefore, we are continually working towards applying more robust data tracking and gathering mechanisms to improve our reporting in the future.

## FORWARD-LOOKING STATEMENTS

This Sustainability Statement covers forward-looking statements on targets, prospects, future plans and reasonable assumptions that were set in regard to expected or future performances, which are based on presently available data and information as well as current operating conditions. However, readers should be advised not to place undue reliance on such statements as our business is subject to risks and uncertainties that are beyond our control. Actual results may differ.

## REPORT AVAILABILITY AND FEEDBACK

Readers can download this Sustainability Statement from our website at <https://www.skyworldgroup.com.my/investor-relations/reports>.

The Group is always open to driving ongoing engagement with its valued stakeholders. The Group welcomes any feedback, inquiries, suggestions and concerns to facilitate continuous improvement, which can be sent to the following:

### SkyWorld Development Berhad

G Floor, Block B, Wisma NTP World  
 Excella Business Park, Jalan Ampang Putra  
 55100 Ampang, Kuala Lumpur  
 Malaysia.

Tel : +(603) 4270 9968

Email : [corporate@skyworld.my](mailto:corporate@skyworld.my)

# SUSTAINABILITY STATEMENT



## STAKEHOLDER ENGAGEMENT

We acknowledge the significant impact of our business operations on stakeholders and their vested interest in our activities. Therefore, maintaining continuous engagement with stakeholder groups is crucial to gain a comprehensive understanding of their expectations and the implications of our actions towards them. This understanding enables us to strategically align our business objectives and goals in accordance with stakeholder expectations.

Effective communication and stakeholder engagement are key drivers of sustainability within our Group. Communication plays a pivotal role in enhancing awareness and comprehension both internally and externally, fostering a conducive organisational culture and transforming employees’ mindsets to embrace “best-in-class” practices.





The approach also enables the message of sustainability to reach key communities or groups and provides a channel to garner insights, feedback and opinions from stakeholders. Ultimately, by fostering effective communication, we garner strong support for our sustainability journey, supporting strategies and ongoing efforts.

Details of our stakeholder engagement methods are outlined in the table below:

Stakeholders	Key Engagement methods	Concerns and Interest	Response to Stakeholders’ Concerns
<p><b>Customers</b> Existing and potential customers of products and services</p>	<ul style="list-style-type: none"> <li>• SkyWorld Connects</li> <li>• Corporate Website</li> <li>• Social Media</li> <li>• Events and Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Product Quality and Design</li> <li>• Customer Service and Experience</li> </ul>	<p>We aim to uphold our proven track record of delivering products of high quality and standards whilst ensuring customer responsiveness in an efficient and timely manner.</p>
<p><b>Employees</b> Individuals employed by the Group, including Board of Directors</p>	<ul style="list-style-type: none"> <li>• Townhall</li> <li>• SkyWorld Portal</li> <li>• Email</li> <li>• WhatsApp Broadcast</li> <li>• Coffee Chat</li> <li>• Employee Handbook</li> <li>• Employee Survey</li> </ul>	<ul style="list-style-type: none"> <li>• Recognition, Career Development</li> <li>• Employee Benefits and Welfare</li> <li>• Workplace Health and Safety</li> <li>• Company Direction and Growth Plans</li> <li>• Human Rights</li> </ul>	<p>We maintain close and transparent communications with our employees at all levels. Through our Talent initiatives, we are committed to achieving long-term meaningful employee engagement.</p>
<p><b>Shareowners</b> Retail and institutional investors</p>	<ul style="list-style-type: none"> <li>• Investor Relation Website</li> <li>• Investor Briefings</li> <li>• Meeting and Site Visits</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Financial Returns</li> <li>• Transparency</li> <li>• Operational Efficiency</li> <li>• Business Strategy, Risk Management and Corporate Governance</li> <li>• Effective Leadership</li> </ul>	<p>We provide timely updates on our corporate developments and financial performance. We provide reliable disclosure on our financial statements that are reviewed and audited.</p>



# SUSTAINABILITY STATEMENT

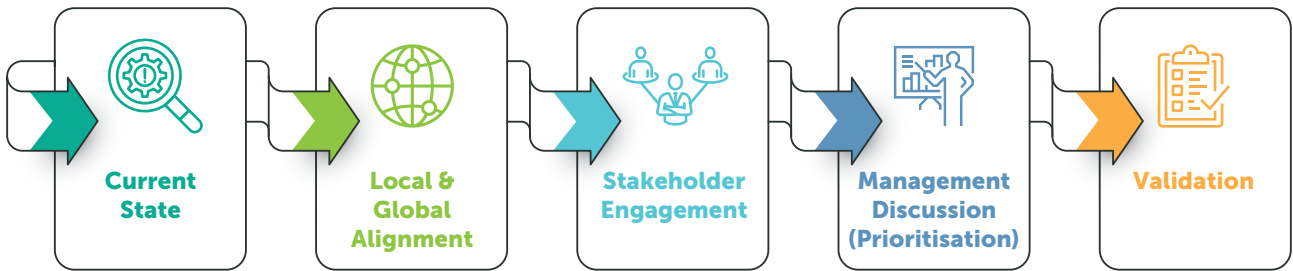
Stakeholders	Key Engagement methods	Concerns and Interest	Response to Stakeholders' Concerns
 <p><b>Business Associates</b> Consultants and contractors who provide materials and services</p>	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• e-Procurement System</li> <li>• Performance Evaluation</li> <li>• Events and Campaigns</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement Processes</li> <li>• Health and Safety</li> <li>• Job and Business Opportunities</li> <li>• Quality Standard</li> </ul>	<p>We engage with our business associates to build ethical, trustworthy and conducive business alliances. We demonstrate accountability, integrity and honesty across all our operations and interactions.</p>
 <p><b>Media</b> Print and digital media that deliver information to the wider audience</p>	<ul style="list-style-type: none"> <li>• Press Release</li> <li>• Media Interview</li> <li>• Media Tour</li> <li>• Press Conference</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy and Direction</li> <li>• Product Launches</li> <li>• Market and Industry Insights</li> <li>• Job and Business Opportunities</li> </ul>	<p>We work closely with the media to inform and ensure that our vision, purpose, policies and practices are channelled accordingly to the public in a consistent and credible manner.</p>
 <p><b>Government and Regulatory Authority</b> Malaysian and Federal municipal councils and regulators</p>	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Events</li> <li>• Industry Workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Product Quality</li> <li>• Affordable Housing</li> <li>• Environmental Impacts</li> <li>• Regulatory Filings and Payments</li> <li>• Social Contributions</li> </ul>	<p>We provide regular updates and close consultations with the regulatory authorities and local governments. Our aim is to ensure that we are constantly in compliance with the rules and regulations.</p>
 <p><b>Communities</b> Local communities who are impacted directly and indirectly by operations</p>	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Social Media</li> <li>• Collaborations</li> </ul>	<ul style="list-style-type: none"> <li>• Community Development</li> <li>• Health and Safety</li> <li>• Location Connectivity</li> <li>• Infrastructure Improvement</li> <li>• Environmental Impacts</li> <li>• Affordable Housing</li> <li>• Job Creation</li> </ul>	<p>We are committed to enhancing and achieving long-term meaningful community engagement and support, to enrich the lives of the communities we operate in.</p>

# SUSTAINABILITY STATEMENT

## MATERIALITY ASSESSMENT

In FY2023, SkyWorld undertook a materiality assessment exercise to identify and prioritise the Group’s material sustainability topics, which are those topics that have the potential to impact value creation and stakeholders.

The materiality assessment exercise followed a methodology and process into 5-phases approach:



We evaluate and determine our sustainability practices based on activities and initiatives undertaken by our Group. This evaluation was aligned with established local and global sustainability frameworks and standards. As a next step, we identified the stakeholders who are significant to our organisation and are impacted by our business operations.

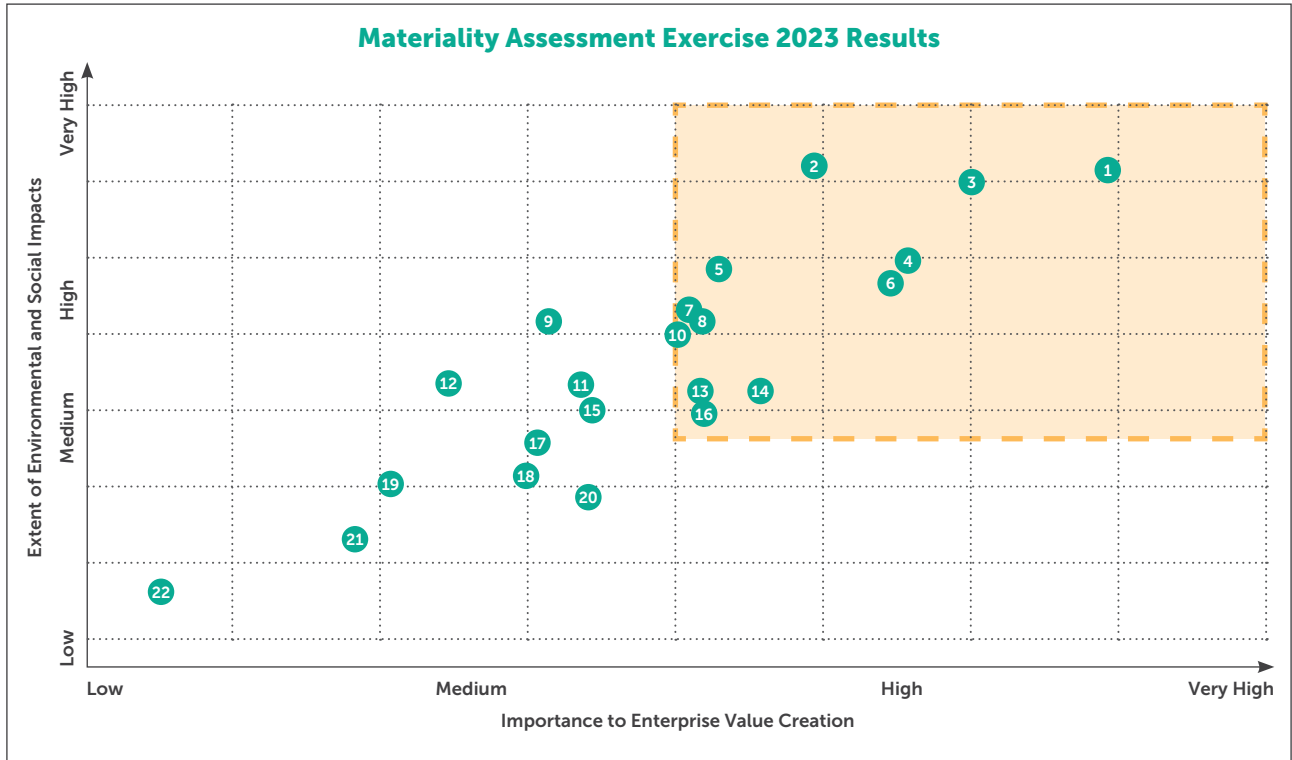
Through stakeholder’s engagement assessment, we identified material topics based on the Group’s significant governance, environmental, economic and social impacts. These topics were then prioritised by considering their significance, both from the perspective of our business and stakeholders. These perspectives were then assessed and analysed using an internally developed weightage system.

The materiality matrix resulting from this exercise underwent a validation process through several discussions by the senior management. Management’s views which were reviewed and found fitting, were incorporated into the overall materiality assessment exercise results. Going forward, the materiality assessment process will be reviewed annually to ensure its relevance and effectiveness.



# SUSTAINABILITY STATEMENT

## MATERIALITY MATRIX



- 1 Product Quality and Customer Satisfaction
- 2 Anti-Corruption
- 3 Occupational Health and Safety
- 4 Data Privacy and Security
- 5 Risk Management
- 6 Human and Labour Rights
- 7 Local Communities
- 8 Regulatory Compliance
- 9 Corporate Governance
- 10 Waste Management
- 11 Energy and Emissions Management
- 12 Climate Change
- 13 Diversity and Equality
- 14 Talent Management
- 15 Resource Consumption
- 16 Economic Performance
- 17 Water Consumption
- 18 Innovation and Technology
- 19 Biodiversity
- 20 Landbank
- 21 Supply Chain Governance
- 22 Local Procurement

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY GOVERNANCE

### GROUP SUSTAINABILITY STRUCTURE

The Group acknowledges good corporate governance and transparency are intrinsic to achieving responsible and sustainable growth. The Group intends to put in place a clear governance structure to ensure that all sustainability measures and efforts are carried out effectively as shown below:



The Board holds the highest authority over the Group’s sustainability strategy and governance, reviewing and approving all sustainability-related policies and initiatives, and ensures that sustainability is practised across all business operations.

The Chief Executive Officer leads the implementation of sustainability strategies within the Group and works with the Sustainability Working Committee to review existing strategies for continuous improvement, along with providing oversight for the Group’s sustainability risks and opportunities.

The Sustainability Working Committee reports directly to the Chief Executive Officer and comprises representatives from relevant functions across the Group, namely Talent, Operation, Product, Brand Communication, Finance and Customer Advocacy.

The Committee oversees and monitors the execution of the Group’s sustainability initiatives and sets relevant targets.

### GOVERNANCE OF CORPORATE ETHICS AND INTEGRITY

The Group places great emphasis on ethical conduct, integrity, accountability and robust corporate governance as the foundation of its business practices. These fundamental elements are instrumental in cultivating a desired organisational culture that values professional excellence, upholds high-performance standards and ensures equal opportunities for all.

In line with this commitment, the Group has established a comprehensive set of corporate governance statements and policies that work in conjunction with the Code of Business Conduct. These policies are designed to bolster good corporate governance practices and reinforce the values of transparency, accountability, integrity, professionalism, anti-corruption measures, as well as equality within the workplace.



The Group is also committed to uphold standards of corporate governance and ethical conduct in accordance with the principles and practices outlined in the Malaysian Code on Corporate Governance (“MCCG”). We will put in place practices in accordance with the 3 principles stipulated in the MCCG which cover:

1. Board leadership and effectiveness;
2. Effective audit and risk management; and
3. Integrity in corporate reporting and meaningful stakeholder relationships





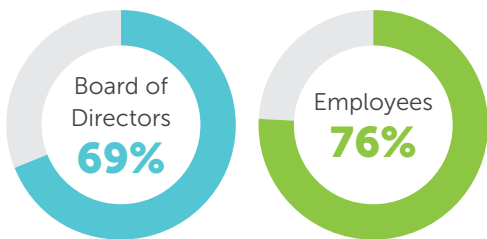
# SUSTAINABILITY STATEMENT

## Anti-Corruption Training and Communication

The Group has committed to conducting and supporting internal training/briefing sessions on anti-corruption topics for both new and existing employees. In order to ensure extensive awareness, anti-corruption messaging is consistently disseminated throughout the Group via various communication channels.

Moving ahead, the Group remains dedicated to implementing regular awareness programmes and training sessions on anti-bribery and anti-corruption for all personnel to maintain a culture of transparency and ethical conduct.

**Percentage of employees who have received anti-corruption training/briefing**

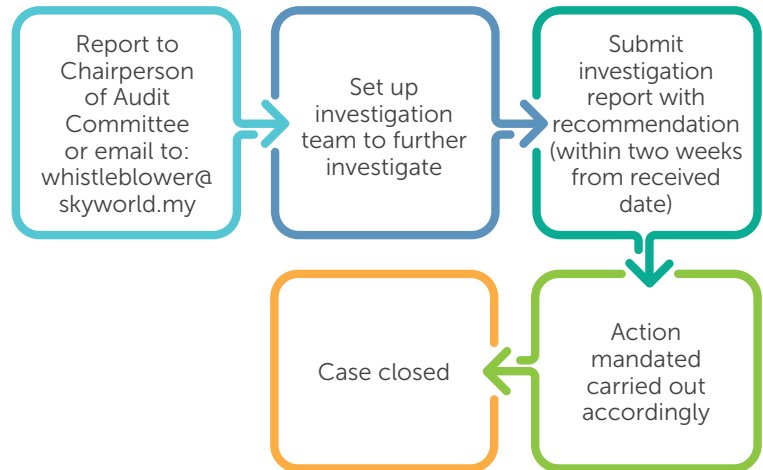


## Whistleblowing Mechanism and Policy

We have established a comprehensive Whistleblowing Policy that provides a clear and transparent framework for reporting any instances of improper conduct or wrongdoing within the Group. This policy ensures that both internal and external stakeholders have access to a proper and accountable internal reporting channel.

In accordance with the Whistleblowing Policy, individuals who disclose any actual or perceived misconduct are assured full confidentiality to an extent reasonably practicable, as long as the disclosure is made in good faith. Whistleblowers are further safeguarded against any form of harassment or retaliatory disciplinary actions that could come as a response from their report.

All whistleblowing reports received are subject to a comprehensive assessment and investigation process, which includes the following steps:



## Risk Management

The Group recognises the inherent risks associated with ESG factors and acknowledges the profound influence that issues such as climate change, labour rights, occupational safety and health, and other pertinent matters can exert on business operations, potentially disrupting the Group’s capacity to create value.

The Board together with Management has implemented a robust framework for the management of risks and internal controls within the Group, which are detailed in the reports of the Statement on Risk Management and Internal Controls provided in this annual report. Through these collaborative efforts, we actively endeavours to identify, monitor and address significant risks that may impact the Group’s ability to generate value, encompassing strategic risks, operational risks and project risks. The Group also ensures the timely updating of our risk register through the oversight of the Board.

## Compliance with Laws and Regulations

The Board and management of the Group maintain an unwavering commitment to conducting business with the utmost integrity, upholding the highest standards of business ethics and adhering to all applicable laws and regulatory requirements. To ensure compliance, the Group has implemented clear and transparent policies that enable continuous monitoring, evaluation and validation of business processes in accordance with legal obligations.

The Group has established a robust Compliance Monitoring Framework to ensure adequate and standardised policies and procedures are consistently applied throughout the Group by all relevant employees. This framework serves as a guiding tool for the development, implementation, evaluation and maintenance of an effective compliance management program.

By adopting this framework, the Group strives to foster a positive culture of compliance, recognising the importance of effectively managing compliance-related risks.

# SUSTAINABILITY STATEMENT



## ECONOMIC VALUE CREATED



While the Group is responsible for improving the company's revenue stream, we are committed to upholding sustainability considerations to give the stakeholders long-term economic benefit. Consequently, we monitor and manage the economic performance of the Group and formulate strategies for its growth.

As ESG goes hand-in-hand with robust and improved financial performance, the Group intends to serve as a catalyst for the socioeconomic development of local communities. This is achieved through the creation of financial values for stakeholders as well as other socio-economic multiplier effects.

In generating economic value for our stakeholders, we aim to adopt sustainable and responsible environmental and social practices and to operate our business within well-defined corporate governance rules, practices, guidelines and processes to ensure ethical and responsible business transactions and activities to attain our corporate objectives.

## ECONOMIC PERFORMANCE

In FY2023, the following is a snapshot of the Group economic performance:

Indicator	FY2023	FY2022
Revenue (RM'mil)	841.4	790.4
Profit before tax (RM'mil)	204.8	150.0
Profit after tax (RM'mil)	150.7	104.3
Equity Attributable to Owners of the Company (RM'mil)	609.8	465.9
Total assets (RM'mil)	1,317.7	1,364.6
Cash flow and bank balances (including cash and cash equivalents) (RM'mil)	237.7	280.5
Earnings per share (sen)	18.77	13.82

Specific details of the Group's financial performance and direct economic values created are provided in the Management Discussion and Analysis section of the Annual Report 2023.

# SUSTAINABILITY STATEMENT

## PRODUCT QUALITY AND CUSTOMER SATISFACTION

We prioritise and demonstrate unwavering commitment to the quality of our products, recognising its potential to generate both immediate economic value and foster enduring customer relationships.

The Group consistently achieves outstanding scores in the Quality Assessment System in Construction ("QLASSIC") scoring system, meticulously evaluated by the Construction Industry Development Board Malaysia. QLASSIC serves as an assessment framework that gauges the workmanship quality of buildings and structures, based on the Construction Industry Standard (CIS 7).

Our latest QLASSIC scores are as follows:

Developments	QLASSIC Score
SkyArena Sports Complex	81%
Ascenda Residences	76%
Bennington Residences	78%
MSN Sports Complex	81%
SkyAwani II Residences	79%
SkyAwani Residences	76%
SkyLuxe On The Park Residences	85%
SkyMeridien Residences	82%
SkyAwani III Residences	79%

The satisfaction of our customers holds utmost significance in ensuring the sustainable operation of our business. Serving as a central focus across all divisions, customer satisfaction directly influences our capacity to secure new and recurring business opportunities, while also strengthening our ongoing relationships in pursuit of economic prosperity. Hence, we are committed to meeting and surpassing our customers' needs and expectations.

Given the diverse nature of our operations, each division establishes distinct targets and metrics to gauge customer satisfaction. To evaluate our performance in this regard, we conduct customer satisfaction surveys during our development handovers, providing valuable insights into the levels of satisfaction experienced by our customers.

## SUSTAINABLE PROCUREMENT PRACTICES ACROSS VALUE CHAINS

The Group is committed to sustainable procurement and supply chains, with a focus on using local suppliers and developing local supply chains as much as possible. To maximise the multiplier effect on the local economy, the Group intentionally prioritises the selection of local goods and service providers. Exceptions are only made in cases where local providers are unable to fulfil the required specifications, quality and timelines. For us, "local" refers to the areas where the company operates.

Opting for local procurement generally reduces the Group's carbon footprint when compared to importing goods or services from abroad. This is because local procurement typically involves shorter transportation and delivery distances than importing from abroad, resulting in fewer resources consumed, which may include fuel and packaging material to produce and supply goods or services.

Furthermore, local procurement can also carry the potential to generate socioeconomic benefits for local supply chains, local talent and communities. Leveraging its size and market position, we possess a unique opportunity to foster employment opportunities and foster the growth of small and medium enterprises and industries within Malaysia. This plays a crucial role in facilitating the nation's economic advancement.

In FY2023, the Group made a strong commitment to prioritise local procurement, except when goods or services cannot be sourced locally or when the desired level of quality or expertise is not available. Thus far, almost 100% of SkyWorld's requirements are sourced locally.



# SUSTAINABILITY STATEMENT



## ENVIRONMENTAL PERFORMANCE



The Group is deeply committed to reducing the environmental impact of its business operations, consistently prioritising environmental stewardship in all aspects of decision-making. This commitment is guided by several core principles, including but not limited to:

- Integrating sustainability considerations into all business processes
- Adhering to environmental protection laws and regulations
- Effectively mitigate climate risks, prevent pollution, promote sustainable energy and resource usage and conserve biodiversity based on the established framework

Adherence to environmental laws and regulations is a fundamental requirement across all our developments. Prior to commencing any construction activities on land, the acquisition of a development order and approved building plans is mandatory. Throughout the construction process, it is imperative for our Group to

actively monitor and address any potential environmental impacts, ensuring strict compliance with all applicable laws and regulations in this regard.

The Group recognises the direct and indirect effects of its business activities on the environment and maintains a strong determination to adopt environmentally sustainable practices. Through these practices, we aim to prevent or minimise environmental damage, safeguard both the natural and built environments, and actively promote environmental preservation and growth whenever feasible. Going forward, we will continue to develop comprehensive guidelines, policies and practices to ensure the preservation, sustainability and promotion of our environment while conducting our business activities.

### CLIMATE CHANGE

Climate change has emerged as a significant factor impacting the property sector and Malaysia, experiencing a gradual rise in average temperatures, is beginning to witness the unfolding consequences within the real estate industry. The repercussions of climate change, such as extreme weather events like floods, droughts and rising sea levels, have the potential to diminish property values in high-risk areas. Prospective buyers are increasingly conscious of the devastating effects of these events and are less inclined to invest in properties located in such vulnerable regions. This hesitance stems from the realisation that existing preventive measures in Malaysia remain largely inadequate and ineffective.

# SUSTAINABILITY STATEMENT

Recognising the gravity of the situation, our Group acknowledges the importance of addressing carbon emissions. Consequently, we intend to establish comprehensive policies, procedures and processes aligned with Bursa Securities revised Main Market Listing Requirements on sustainability reporting, issued on 28 September 2022. Our aim is to systematically capture and document our carbon emissions while formulating robust plans and strategies to mitigate them in the coming years.

As a responsible property developer, the Group is committed to integrating sustainability principles into our development endeavours. We achieve this by incorporating innovative designs and cutting-edge technologies, which will be progressively implemented through our new strategies and action plans.

For example, total 8 of our developments, are equipped with Electrical Vehicle (“EV”) car charging stations in common areas. This facilitates the usage of EVs among residents, contributing to a reduction in greenhouse gas (GHG) emissions. Additionally, we have installed LED light fittings and implemented timer controls for peak and off-peak periods across all developments, effectively reducing electricity consumption and, consequently, GHG emissions. Our sustainable design features prioritise cross ventilation in internal units and common corridors, thereby enhancing thermal comfort and minimising the need for mechanical equipment such as air-conditioning, fans and mechanical ventilation, resulting in reduced electricity usage.

Furthermore, the Group has made considerable efforts towards greening common areas. Car park podium lighting and typical floor corridors are equipped with LED light fittings, which are intelligently controlled through timers to regulate operational hours during peak and off-peak periods.

## ENERGY AND EMISSIONS MANAGEMENT

As a property development organisation, the Group is committed to taking a leadership role in reducing energy consumption and effectively addressing the urgent issue of climate change. Recognising the significant influence of the built environment on energy usage, the Group is dedicated to employing innovative and sustainable design, construction and property management practices to curtail our carbon footprint. We actively pursue various measures, such as the implementation of energy-efficient technologies, utilisation of renewable energy sources and the promotion of sustainable behaviours among stakeholders and staff, to ensure a more environmentally responsible future. This commitment not only serves the betterment of our planet but also aligns with the interests of our business and stakeholders.

The Group has implemented comprehensive energy-saving initiatives across its offices and property buildings, demonstrating a proactive commitment to sustainability. A notable example is the integration of sensor-controlled light fittings and air-conditioning systems at our headquarters. This strategic implementation optimises electricity consumption efficiency, particularly during peak and off-peak periods.

Our ongoing developments are meticulously designed with LED light fittings and distinct electrical wire circuits, ensuring minimal use of artificial lighting during peak and off-peak hours through well-defined zoning. Completed developments from the past are retrofitted with LED light fittings in the car park podium area, effectively reducing overall electricity consumption.

By implementing these initiatives, the Group actively demonstrates its commitment to promoting sustainable practices, mitigating the environmental impact of our operations and ushering in a more energy-conscious future.



# SUSTAINABILITY STATEMENT

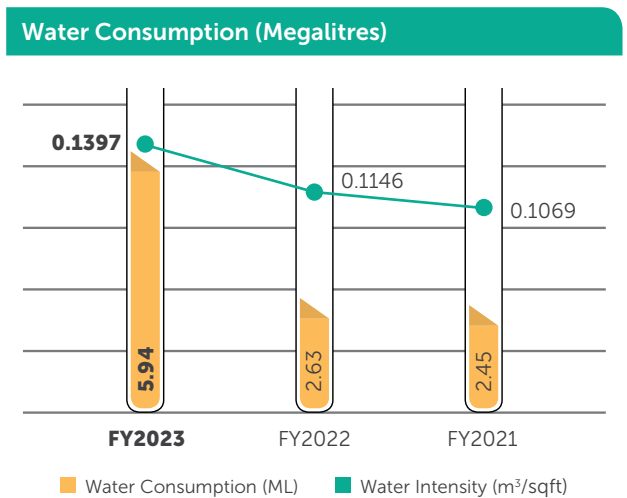
## WATER CONSUMPTION

The Group understands the significance of water as a finite and vital resource, particularly in water-stressed locations. As a responsible entity, we are committed to adhering to industry best practices in the management of water resources. Hence, the Group actively promotes water self-sufficiency within our business operations, while ensuring efficient water consumption.

The large amounts of water consumed during the Group’s business operations are primarily sourced from municipal sources. However, to prioritise water reduction, the Group fulfills its role as a property developer by incorporating water management strategies at every stage of our developments. These strategies include the implementation of Rainwater Harvesting Tanks designed to reduce dependency on municipal water supply and collect rainwater for regular landscape irrigation and maintenance purposes.

Furthermore, we selectively choose and furnish our properties with water-saving features, specifically sanitary products for toilets, in line with the requirements of the Green Building Index and Green Real Estate certification.

In FY2023, our recorded water consumption amounted to 5.94 megalitres. It is important to note that this increase in usage can be attributed to multiple factors, including the inclusion of a new block to our headquarters, which resulted in an increased floor and expansion of staff.



## WASTE MANAGEMENT

The Group recognises the importance of effective waste management as a crucial aspect of minimising environmental impact and enhancing overall operational efficiency. We are committed to implementing comprehensive waste reduction strategies that encompass not only waste minimisation measures but also as pre-emptive actions during the design and construction phases of our developments.

In our pursuit for sustainable buildings, the Group prioritises compliance with the Green Building Index and Green Real Estate certification requirements for construction waste monitoring in our ongoing developments. We diligently incorporate green products and environmentally friendly construction materials throughout the construction process. Additionally, we optimise the use of Industrialised Building System (IBS) by employing aluminium system formwork, thereby significantly reducing construction material wastage.

Our commitment to waste management extends beyond construction, the Group actively engages in waste recycling and management initiatives as part of developments pursuing Green Building Index and Green Real Estate certifications.

## RESOURCE CONSUMPTION

As a property developer, the cost of materials constitutes a substantial portion of our construction expenses. In order to mitigate these costs, the Group endeavours to enhance overall resource efficiency.

Central to this commitment is the recognition that achieving optimal resource efficiency starts with the design phase. Our emphasis lies in adopting building designs that minimise the utilisation of materials or incorporate a higher proportion of sustainable and environmentally friendly building materials.



# SUSTAINABILITY STATEMENT



## SOCIAL



The success of our business is dependent on our employees who helped in developing and growing our business. We are also dependent on the local community which are families and friends of our employees, providers of supporting products and services as well as our customers for the properties that we develop. As such, we have a social obligation to care for them and where possible assist in their welfare for they are our stakeholders in our business operations.

For us, social sustainability is a proactive channel of managing and identifying business impacts on employees, workers in the value chain, customers and local communities. In recognising the significance of our relationship with our employees and communities and society, social responsibility has gradually become part of our core business strategy.

Our social sustainability and inclusion focuses on “putting people first” in development processes. In doing so, we believe that we promote social inclusion and wider participation by empowering, building cohesive and resilient internal and external communities.

Due to the Group’s unwavering commitment to prioritising the well-being of its employees, we are pleased to report that no substantiated complaints regarding human rights violations were received in FY2023. Our dedication to upholding and promoting human rights within our organisation remains steadfast.

### HUMAN AND LABOUR RIGHTS

The Group acknowledges and upholds the legal entitlements afforded to its employees, including the right to receive prescribed benefits and welfare, as well as fair and humane working conditions. This encompasses the right of employees to freedom of association, collective bargaining and expression of grievances.

The Group endeavours to provide minimum notice to its employees concerning any major or minor operational modifications that may impact them. Such changes may include alterations to employment conditions, work location and job responsibilities, as well as changes to compensation, benefits and contract status.

Employees have the right to seek additional clarification or information regarding any operational change and they are strongly encouraged to do so. Furthermore, employees retain the right to communicate any grievances or dissatisfaction arising from the change to their immediate supervisor or the Talent Department.

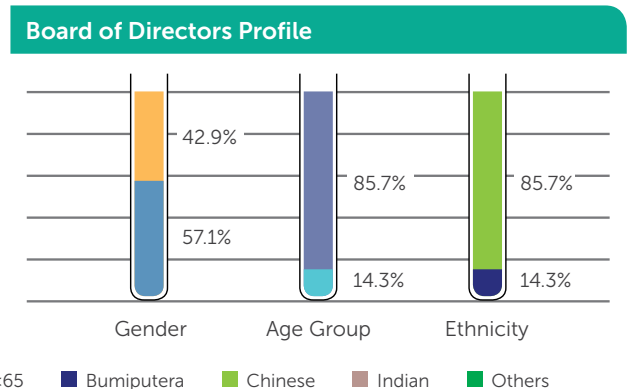
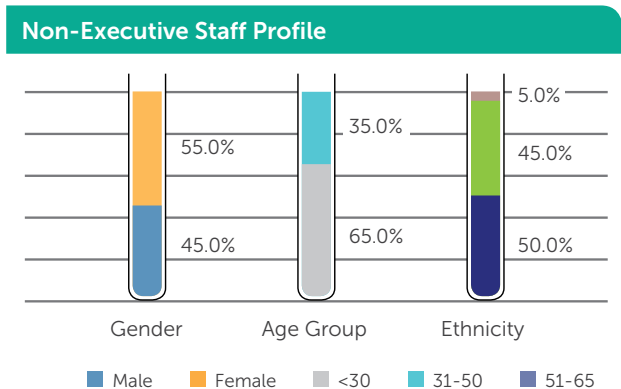
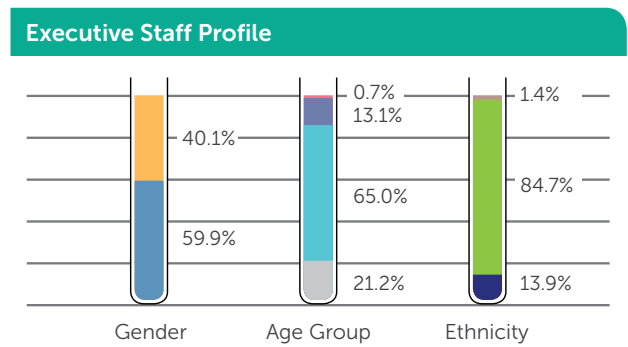
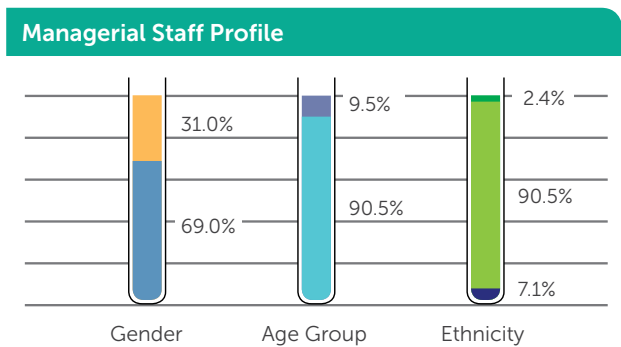
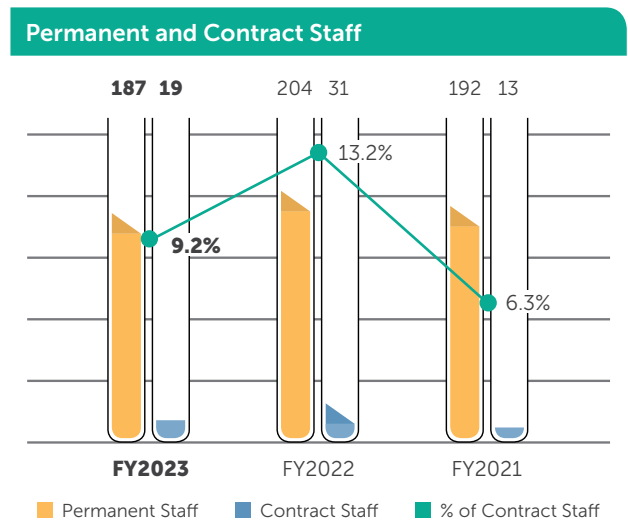
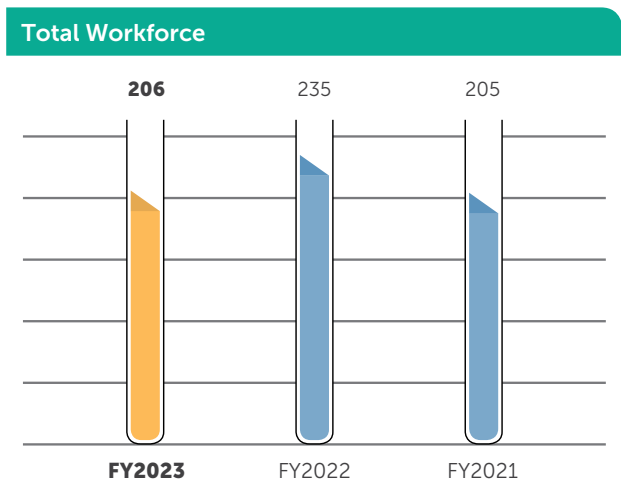
# SUSTAINABILITY STATEMENT

## DIVERSITY AND INCLUSION

The Group is committed to creating a diverse and inclusive workplace, where every employee has an equal opportunity to succeed regardless of their age, gender, race, religion, sexual orientation, disability, or nationality. This commitment ensures that each individual is free from prejudice and discrimination, enabling them to achieve their full potential.

Consistent with this view, the Group aims to build a dynamic high-performance work environment that supports the resilience and well-being of our employees.

### Our Workforce



■ Male ■ Female ■ <30 ■ 31-50 ■ 51-65 ■ <65 ■ Bumiputera ■ Chinese ■ Indian ■ Others

Notes:

- Permanent employee is defined as employee with a contract for an indeterminate period.
- Contract staff is defined as employee with a contract for a limited period which includes interns or trainees, part-time employees and directors.

# SUSTAINABILITY STATEMENT

## Full Social Performance Data

Financial Year	FY2023	FY2022	FY2021
<b>Social Disclosures</b>			
<b>General Workforce Data</b>			
Total Workforce	206	235	205
<b>Breakdown by Gender</b>			
Number/percentage of female director	3/42.9%	0/0%	0/0%
Number/percentage of male director	4/57.1%	3/100%	4/100%
Number/percentage of female managerial staff	13/31.0%	12/32.4%	13/38.2%
Number/percentage of male managerial staff	29/69.0%	25/67.6%	21/61.8%
Number/percentage of female executive staff	55/40.1%	67/40.9%	65/41.7%
Number/percentage of male executive staff	82/59.9%	97/59.1%	91/58.3%
Number/percentage of female non-executive staff	11/55.0%	16/51.6%	3/27.3%
Number/percentage of male non-executive staff	9/45.0%	15/48.4%	8/72.7%
<b>Breakdown by Age Group</b>			
Number/percentage of director aged 30 and below	0/0%	0/0%	0/0%
Number/percentage of director aged 31-50	1/14.3%	2/66.7%	3/75.0%
Number/percentage of director aged 51-65	6/85.7%	1/33.3%	1/25.0%
Number/percentage of director aged 65 and above	0/0%	0/0%	0/0%
Number/percentage of managerial staff aged 30 and below	0/0%	0/0%	0/0%
Number/percentage of managerial staff aged 31-50	38/90.5%	34/91.9%	31/91.2%
Number/percentage of managerial staff aged 51-65	4/9.5%	3/8.1%	3/8.8%
Number/percentage of managerial staff aged 65 and above	0/0%	0/0%	0/0%
Number/percentage of executive staff aged 30 and below	29/21.2%	47/28.7%	52/33.3%
Number/percentage of executive staff aged 31-50	89/65.0%	94/57.3%	82/52.6%
Number/percentage of executive staff aged 51-65	18/13.1%	22/13.4%	21/13.5%
Number/percentage of executive staff aged 65 and above	1/0.7%	1/0.6%	1/0.6%
Number/percentage of non-executive staff aged 30 and below	13/65.0%	26/83.9%	4/36.4%
Number/percentage of non-executive staff aged 31-50	7/35.0%	5/16.1%	7/63.6%
Number/percentage of non-executive staff aged 51-65	0/0%	0/0%	0/0%
Number/percentage of non-executive staff aged 65 and above	0/0%	0/0%	0/0%

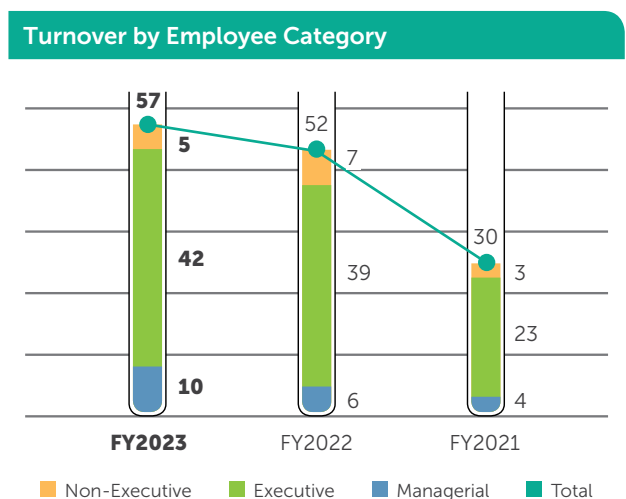
# SUSTAINABILITY STATEMENT

Financial Year	FY2023	FY2022	FY2021
<b>Breakdown by Ethnicity</b>			
Number/percentage of director with Bumiputera ethnicity	1/14.3%	0/0.0%	1/25.0%
Number/percentage of director with Chinese ethnicity	6/85.7%	3/100.0%	3/75.0%
Number/percentage of director with Indian ethnicity	0/0%	0/0%	0/0%
Number/percentage of director with Others ethnicity	0/0%	0/0%	0/0%
Number/percentage of managerial staff with Bumiputera ethnicity	3/7.1%	2/5.4%	1/2.9%
Number/percentage of managerial staff with Chinese ethnicity	38/90.5%	35/94.6%	33/97.1%
Number/percentage of managerial staff with Indian ethnicity	0/0%	0/0%	0/0%
Number/percentage of managerial staff with Others ethnicity	1/2.4%	0/0%	0/0%
Number/percentage of executive staff with Bumiputera ethnicity	19/13.9%	24/14.6%	24/15.4%
Number/percentage of executive staff with Chinese ethnicity	116/84.7%	139/84.8%	129/82.7%
Number/percentage of executive staff with Indian ethnicity	2/1.4%	1/0.6%	3/1.9%
Number/percentage of executive staff with Others ethnicity	0/0%	0/0%	0/0%
Number/percentage of non-executive staff with Bumiputera ethnicity	10/50.0%	9/29.0%	10/90.9%
Number/percentage of non-executive staff with Chinese ethnicity	9/45.0%	22/71.0%	1/9.1%
Number/percentage of non-executive staff with Indian ethnicity	1/5.0%	0/0%	0/0%
Number/percentage of non-executive with Others ethnicity	0/0%	0/0%	0/0%

## TALENT MANAGEMENT

We support and practise workplace equal opportunity and career development as well as the hiring of local talents. We will create equal opportunities for growth and development for our employees through mentoring and diversity training programmes to attract and retain talents. In addition, we have an appraisal system where employees are assessed based on their respective skillset and capabilities.

We recognise the importance of retaining skilled talent as they form the knowledge foundation of our Group. However, we are faced with the challenge of job mobility being a common practice, particularly among the younger generation. Despite this, we remain committed to reducing our employee turnover rates. As a reference, the turnover rate of the Group has been reported as follows:







# SUSTAINABILITY STATEMENT

Our primary focus in terms of health and safety is the prevention of work-related injuries and illnesses. In addition to reporting accidents and injuries, we strongly encourage employees to promptly bring forward any potential safety hazards, safety recommendations, or health and safety concerns to their respective supervisors.

## OHS Performance

Indicators	FY2023	FY2022
Total manhours	168	123
Number of work-related fatalities	0	0
Lost time incident rate	0	0

Training remains a crucial aspect of OHS matters. We have started the internal safety-related training since FY2022. A total of 83 attendance have been recorded in the provided trainings.

## LOCAL COMMUNITY

In line with our dedication to social responsibility, we have actively engaged in initiatives aimed at supporting underprivileged communities, which include fundraising activities for elderly care facilities. As part of our commitment to sustainable living and social responsibility, we strive to foster a cohesive and inclusive community that extends assistance to those in need, regardless of their age, race, or religion.

We pledge to uphold our purpose of improving the quality of life by promoting literacy and education, enhancing health and well-being, alleviating poverty, enhancing community infrastructure and providing financial support to those facing hardship. To further strengthen our efforts, we are currently in the process of establishing our own foundation to serve underprivileged communities.

As an urban property developer, we collaborate closely with local authorities to develop sustainable communities. Our focus on affordable housing developments demonstrates our dedication to offering housing options to eligible households, determined through household income means tests, ensuring that it is accessible to those in the lower-income bracket.

In FY2023, we organised various community events and actively invested in such programs. We allocated a total of RM218,304.00 towards charitable causes, benefiting a total of 20 beneficiaries. By actively participating in social responsibility activities and collaborating with stakeholders, we strive to create meaningful change and contribute to the well-being and progress of the communities we serve.



# SUSTAINABILITY STATEMENT



## FRAMEWORK CONTENT INDEX

### BURSA SECURITIES SUSTAINABILITY DISCLOSURE INDEX

#### Common Indicators

No.	Common Sustainability Matters	Code	Indicators	Page Reference/ Explanation
1.	Anti-corruption	C1 (a)	Percentage of employees who have received training on anticorruption by employee category	57 to 58
		C1 (b)	Percentage of operations assessed for corruption-related risks	
		C1 (c)	Confirmed incidents of corruption and action taken	
2.	Community/ Society	C2 (a)	Total amount invested in the community where the target beneficiaries are external to the listed issuer	70
		C2 (b)	Total number of beneficiaries of the investment in communities	
3.	Diversity	C3 (a)	Percentage of employees by gender and age group, for each employee category	66
		C3 (b)	Percentage of directors by gender and age group	
4.	Energy management	C4 (a)	Total energy consumption	63
5.	Health and safety	C5 (a)	Number of work-related fatalities	70
		C5 (b)	Lost time incident rate	
		C5 (c)	Number of employees trained on health and safety standards	
6.	Labour practices and standards	C6(a)	Total hours of training by employee category	69
		C6 (b)	Percentage of employees that are permanent or contract staff	66
		C6 (c)	Total number of employee turnover by employee category	68
		C6 (d)	Number of substantiated complaints concerning human rights violations	65
7.	Supply chain management	C7 (a)	Proportion of spending on local suppliers	60
8.	Data privacy and security	C8 (a)	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	69
9.	Water	C9 (a)	Total volume of water used	64
10.	Waste management	C10 (a)	Total waste generated and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	Data unavailable
11.	Emissions management	C11 (a)	Scope 1 emissions in tonnes of CO <sub>2</sub> e	Data unavailable
		C11 (b)	Scope 2 emissions in tonnes of CO <sub>2</sub> e	63
		C11 (c)	Scope 3 emissions in tonnes of CO <sub>2</sub> e	Data unavailable



# FINANCIAL STATEMENTS

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<b>74</b>	Directors' Report
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<b>83</b>	Statements of Financial Position
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<b>155</b>	Statement by Directors
<b>155</b>	Declaration by the Officer



# DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible to prepare the financial statements of the Company and the Group in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2023.

In preparing the financial statements for FY2023, the Directors have:

- Adopted the appropriate and relevant accounting policies and applied them consistently;
- Made judgment, estimates and assumptions based on their best knowledge of current events and actions; and
- Prepared the financial statements on a going-concern basis.

The Directors are also responsible to ensure the financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and the Group.

The Directors have also taken the necessary steps to ensure that appropriate systems are in place for safeguarding the assets of the Company and the Group for the prevention and detection of fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, loss or fraud.

# DIRECTORS' REPORT

The directors of **SKYWORLD DEVELOPMENT BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the provision of management services to its subsidiary companies and business of property development. On 30 May 2022, the Company expanded its principal activities to include investment holding.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are set out in Note 17 to the financial statements.

## CONVERSION TO BERHAD STATUS

The Company was incorporated in Malaysia as a private limited liability company. On 20 September 2022, the Company was converted to a public limited liability company. Consequentially, the Company assumed the name of SkyWorld Development Berhad.

## RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year ended 31 March 2023 are as follows:

	<b>Group RM</b>	<b>Company RM</b>
Profit before tax	204,784,173	51,982,193
Income tax expense	(54,072,599)	(11,983,080)
Profit for the year	150,711,574	39,999,113
Profit attributable to:		
Owners of the Company	143,995,893	39,999,113
Non-controlling interests	6,715,681	-
	150,711,574	39,999,113

In the opinion of the directors, the results of the Group and of the Company during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIVIDENDS

On 3 July 2023, the directors had approved a first interim single-tier dividend of 3.0 sen per ordinary share amounting to approximately RM30,000,000 in respect of the current financial year, to be paid to the shareholders on 22 September 2023. The dividend has not been included as a liability in the financial statements.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the year.

# DIRECTORS' REPORT

## SHARE OPTIONS

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the year, there were no unissued shares of the Company under options.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) 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 had 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:

- (a) which would render the amount written off as bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

- (a) 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
- (b) 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the Group and of the Company for the year in which this report is made other than those disclosed in Note 40 to the financial statements.

## DIRECTORS

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

Datuk Seri Ng Thien Phing\*

Datuk Lam Soo Keong @ Low Soo Keong\*

Lee Chee Seng\*

Zafidi Bin Mohamad\* (Resigned on 1 April 2022)

Chan Seng Fatt (Appointed on 23 September 2022)

Ong Soo Chan (Appointed on 23 September 2022)

Phang Sze Fui (Appointed on 23 September 2022)

Zalinah Binti A Hamid (Appointed on 23 September 2022)

\* The names of directors of subsidiary companies are set out in the respective subsidiaries' financial statements, where applicable, and the said information is deemed incorporated herein by such reference and made a part hereof.

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS

The interests in shares in the Company and its related corporations of those who were directors at the end of the year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	As at 1.4.2022	Number of ordinary shares		As at 31.3.2023
		Bought	Sold	
<b>Company</b>				
Datuk Seri Ng Thien Phing	44,750,485	-	-	44,750,485
Datuk Lam Soo Keong @ Low Soo Keong	12,903,983	-	-	12,903,983
Lee Chee Seng	3,845,532	-	-	3,845,532
<b>Subsidiary company</b>				
<b>- NTP World Corporation Sdn. Bhd.</b>				
Zafidi Bin Mohamad	2,000,000	-	-	2,000,000

By virtue of their substantial interests in the shares of the Company, the directors are also deemed to have an interest in the shares of all the subsidiary companies to the extent that the Company has interests.

Other than as disclosed above, none of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporations during or at the beginning and end of the year.

## DIRECTORS' BENEFITS

Since the end of the previous year, none of the directors of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for as disclosed below:

	Group and Company RM
Executive Directors' remuneration:	
- Salaries, wages and allowances	4,660,000
- Bonus	2,149,745
- Employees provident fund	931,167
- Social security contribution	3,182
- Other emoluments - training	27,605
	7,771,699
Non-executive Directors' remuneration:	
- Fees	125,332
- Other emoluments - allowance	20,500
	7,917,531

Directors' benefits may include any other benefits which may be deemed to have arisen from the transactions disclosed in Note 26 to the financial statements.

During and at the end of the year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.



# DIRECTORS' REPORT

## **INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS**

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM14,975.

There were no indemnities given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

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

The details of significant events during and subsequent to end of the financial year are as disclosed in Note 40 to the financial statements.

## **AUDITORS**

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

## **AUDITORS' REMUNERATION**

The amount paid/payable as remuneration of the auditors of the Group and of the Company for the year ended 31 March 2023 is RM1,700,966 and RM1,327,800 respectively, as disclosed in Note 9 to the financial statements.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the directors,

**DATUK SERI NG THIEN PHING**

**DATUK LAM SOO KEONG @ LOW SOO KEONG**

Kuala Lumpur  
11 July 2023

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKYWORLD DEVELOPMENT BERHAD  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### OPINION

We have audited the financial statements of **SKYWORLD DEVELOPMENT BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 March 2023 and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 82 to 154.

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 March 2023, 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. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Revenue recognition from property development activities

Revenue from property development activities of the Group and of the Company recognised during the year as disclosed in Note 5 to the financial statements amounted to RM783,264,183 and RM231,137,674, respectively, which represents approximately 93% and 86% of the revenue of the Group and of the Company.

Property development revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's and the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialist.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKYWORLD DEVELOPMENT BERHAD  
(Incorporated in Malaysia)

## How the key audit matter was addressed in our audit

In addressing the matter above, we performed, amongst others, the following procedures:

- Obtained an understanding of the relevant controls in place in respect of revenue recognition for property development activities and performed procedures to evaluate design and implementation and tested operating effectiveness of such controls.
- Evaluated management-prepared estimated total property development costs and ensured that those estimates were appropriate and reflected current costs of operations and costs to complete. Challenged the reasonableness of management's assumptions and estimations on the estimated total property development costs and performed retrospective review to establish the accuracy of management-prepared estimated total property development costs.
- Verified gross development value and assessed the terms and conditions of the major sales contracts to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 *Revenue from Contracts with Customers*.
- Tested samples of actual costs incurred to supporting documents such as contractors' claims or suppliers' invoices. Where costs have not been billed or certified, assessed the adequacy of management's accruals of such costs by reviewing subsequent contractors' claims, supplier invoices or approved architect's certificates.
- Checked the mathematical accuracy of the property development revenue and property development cost recognised based on percentage of completion calculations and considered the implications of any changes in estimate.
- Performed site visits and assessed the status of the projects' development and ascertained the reasonableness of the percentage of completion.

## INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

## RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKYWORLD DEVELOPMENT BERHAD  
(Incorporated in Malaysia)

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 and 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 and 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and 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.



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKYWORLD DEVELOPMENT BERHAD  
(Incorporated in Malaysia)

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that the subsidiary company of which we have not acted as auditors, are disclosed in Note 17 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.

**DELOITTE PLT (LLP0010145-LCA)**  
**Chartered Accountants (AF 0080)**

**WONG YEW CHOONG**  
**Partner - 03195/06/2025 J**  
**Chartered Accountant**

Kuala Lumpur  
11 July 2023

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Revenue	5	841,411,386	790,436,718	268,093,394	307,980,268
Cost of sales	6	(543,064,962)	(540,829,697)	(157,324,391)	(208,219,166)
Gross profit		298,346,424	249,607,021	110,769,003	99,761,102
Other operating income	7	5,838,212	3,141,374	19,306,938	147,837,427
Selling and marketing expenses		(11,869,685)	(10,751,120)	(5,022,111)	(2,333,507)
Administrative expenses		(72,764,612)	(74,236,587)	(60,137,595)	(53,599,781)
Finance costs	8	(14,766,166)	(17,742,554)	(12,934,042)	(19,582,336)
<b>Profit before tax</b>	9	204,784,173	150,018,134	51,982,193	172,082,905
Income tax expense	11	(54,072,599)	(45,732,592)	(11,983,080)	(18,439,841)
<b>Profit for the year</b>		150,711,574	104,285,542	39,999,113	153,643,064
<b>Other comprehensive (loss)/income:</b>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operation		(107,101)	439	-	-
<b>Other comprehensive (loss)/income for the year, net of tax</b>		(107,101)	439	-	-
<b>Total comprehensive income for the year</b>		150,604,473	104,285,981	39,999,113	153,643,064
<b>Profit attributable to:</b>					
Owners of the Company		143,995,893	106,034,882	39,999,113	153,643,064
Non-controlling interests	17	6,715,681	(1,749,340)	-	-
		150,711,574	104,285,542	39,999,113	153,643,064
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		143,888,792	106,035,321	39,999,113	153,643,064
Non-controlling interests	17	6,715,681	(1,749,340)	-	-
		150,604,473	104,285,981	39,999,113	153,643,064
<b>Basic/Diluted earnings per share attributable to owners of the Company (sen)</b>	36	18.77	13.82		

The accompanying Notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	12	23,653,642	8,232,653	12,219,212	8,023,711
Right-of-use assets	13	173,094	685,675	173,094	685,675
Intangible assets	14	2,546,772	2,810,232	-	-
Investment property	15	53,053,498	-	-	-
Inventories - land held for property development	16	547,873,489	528,763,902	18,707,530	17,280,223
Investment in subsidiary companies	17	-	-	87,422,215	40,561,985
Goodwill	18	1,213,898	1,149,238	-	-
Deferred tax assets	19	19,947,044	12,815,253	6,143,267	-
Prepaid expenses	25	1,951,841	1,788,623	-	-
<b>Total Non-current Assets</b>		<b>650,413,278</b>	<b>556,245,576</b>	<b>124,665,318</b>	<b>66,551,594</b>
<b>Current Assets</b>					
Inventories - property development costs	20	142,364,640	196,428,318	9,669,861	29,231,659
Inventories - completed properties	21	42,076,104	80,205,228	-	-
Contract assets	22	175,057,855	117,432,233	43,099,497	97,118,715
Contract cost assets	23	5,385,713	8,426,531	876,447	2,737,817
Trade receivables	24	39,779,547	74,208,736	16,593,371	4,362,507
Other receivables, refundable deposits and prepaid expenses	25	12,280,158	47,055,310	4,082,161	4,404,173
Amount owing by subsidiary companies	26	-	-	367,514,784	439,913,496
Current tax assets		12,584,814	4,124,566	2,592,244	-
Cash and bank balances	27	237,726,662	280,472,058	125,103,817	175,719,326
<b>Total Current Assets</b>		<b>667,255,493</b>	<b>808,352,980</b>	<b>569,532,182</b>	<b>753,487,693</b>
<b>TOTAL ASSETS</b>		<b>1,317,668,771</b>	<b>1,364,598,556</b>	<b>694,197,500</b>	<b>820,039,287</b>

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share capital	28	62,500,000	62,500,000	62,500,000	62,500,000
Foreign currency translation reserve		(104,802)	2,299	-	-
Retained earnings	29	547,396,210	403,379,873	388,843,925	348,844,812
<b>Equity Attributable to Owners of the Company</b>					
Non-controlling interests	17	609,791,408	465,882,172	451,343,925	411,344,812
		5,869,008	(826,272)	-	-
<b>Total Equity</b>		615,660,416	465,055,900	451,343,925	411,344,812
<b>Non-current Liabilities</b>					
Lease liabilities	30	43,655	124,187	43,655	124,187
Bank borrowings	31	323,927,038	289,796,081	39,210,574	137,309,480
Deferred tax liabilities	19	893,916	789,498	-	558,771
<b>Total Non-current Liabilities</b>		324,864,609	290,709,766	39,254,229	137,992,438
<b>Current Liabilities</b>					
Trade payables	32	161,157,229	190,476,980	49,864,593	66,665,638
Other payables and accrued expenses	33	51,212,422	60,251,547	13,861,092	14,216,871
Contract liabilities	22	1,121,055	109,416,070	-	30,304,288
Amount owing to subsidiary companies	26	-	-	19,720,868	19,672,743
Land costs payable	34	1,148,234	77,020,778	-	-
Lease liabilities	30	104,869	564,542	104,869	564,542
Bank borrowings	31	159,196,051	158,224,826	120,047,924	135,513,150
Current tax liabilities		3,203,886	12,878,147	-	3,764,805
<b>Total Current Liabilities</b>		377,143,746	608,832,890	203,599,346	270,702,037
<b>Total Liabilities</b>		702,008,355	899,542,656	242,853,575	408,694,475
<b>TOTAL EQUITY AND LIABILITIES</b>		1,317,668,771	1,364,598,556	694,197,500	820,039,287

The accompanying Notes form an integral part of the financial statements.



# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

Group	Share capital RM	Distributable reserve - Retained earnings RM	Non- distributable reserve - Translation reserve RM	Attributable to owners of the Company RM	Non- controlling interests RM	Total equity RM
<b>As at 1 April 2021</b>	62,500,000	297,506,024	1,860	360,007,884	762,035	360,769,919
Total comprehensive income for the year	-	106,034,882	439	106,035,321	(1,749,340)	104,285,981
Acquisition of additional equity interest in a subsidiary company	-	(178,018)	-	(178,018)	178,018	-
Disposal of a subsidiary company	-	16,985	-	16,985	(16,985)	-
<b>As at 31 March 2022/1 April 2022</b>	62,500,000	403,379,873	2,299	465,882,172	(826,272)	465,055,900
Total comprehensive income for the year	-	143,995,893	(107,101)	143,888,792	6,715,681	150,604,473
Dilution of equity interests in subsidiary companies	-	20,444	-	20,444	(20,401)	43
<b>As at 31 March 2023</b>	62,500,000	547,396,210	(104,802)	609,791,408	5,869,008	615,660,416

Company	Share capital RM	Distributable reserve - Retained earnings RM	Total equity RM
<b>As at 1 April 2021</b>	62,500,000	195,201,748	257,701,748
Total comprehensive income for the year	-	153,643,064	153,643,064
<b>As at 31 March 2022/1 April 2022</b>	62,500,000	348,844,812	411,344,812
Total comprehensive income for the year	-	39,999,113	39,999,113
<b>As at 31 March 2023</b>	62,500,000	388,843,925	451,343,925

The accompanying Notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>				
Profit before tax	204,784,173	150,018,134	51,982,193	172,082,905
Adjustments for:				
Depreciation of:				
Property, plant and equipment	1,312,154	897,652	1,267,213	876,968
Right-of-use assets	540,354	596,211	540,354	596,211
Amortisation of intangible assets	263,460	-	-	-
Interest expenses	14,766,166	17,742,554	12,934,042	19,582,336
Dividend income from subsidiary companies	-	-	-	(128,000,000)
Interest income	(3,540,764)	(1,580,163)	(18,826,716)	(19,427,292)
Unrealised loss on foreign exchange	69,533	-	-	-
Loss on derecognition of right-of-use assets	-	23,918	-	23,918
Property, plant and equipment written off	-	4,426	-	4,426
Provision for Bumiputera quota penalties	758,804	3,433,899	-	-
Allowance for doubtful debts:				
Trade receivables	-	137,591	-	137,591
Other receivables	-	1,692,593	-	-
Amount owing by subsidiary companies	-	-	948,972	347,358
Bad debts written off	6,707	-	-	-
Reversal of allowance for doubtful debts of trade receivables	(59,232)	-	(59,232)	-
Loss on disposal of investment in a subsidiary company	-	-	-	599,940
Impairment loss on intangible assets	696,428	2,807,155	-	-
Operating Profit Before Working Capital Changes	219,597,783	175,773,970	48,786,826	46,824,361

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	<b>Group</b>		<b>Company</b>	
	<b>2023 RM</b>	<b>2022 RM</b>	<b>2023 RM</b>	<b>2022 RM</b>
Movement in working capital:				
(Increase)/Decrease in:				
Inventories - land held for property development	(96,598,408)	(45,264,469)	(1,427,307)	(1,045,616)
Inventories - property development costs	101,464,056	82,735,200	19,651,587	26,429,512
Inventories - completed properties	38,129,124	13,167,341	-	-
Contract assets	(57,625,622)	(83,530,352)	54,019,218	(86,882,560)
Contract cost assets	3,040,818	(257,382)	1,861,370	2,037,227
Trade receivables	34,481,714	4,373,550	(12,171,633)	12,713,731
Other receivables, refundable deposits and prepaid expenses	(2,885,830)	(957,100)	(697,987)	1,192,308
Amount owing by subsidiary companies	-	-	36,955,720	49,797,404
(Decrease)/Increase in:				
Trade payables	(29,319,751)	(51,379,376)	(16,801,045)	(29,943,143)
Other payables and accrued expenses	(9,863,446)	9,871,063	(355,779)	(10,103,168)
Contract liabilities	(108,295,015)	53,073,769	(30,304,288)	(5,600,223)
Land costs payable	(75,872,544)	(960,004)	-	-
Cash Generated From Operations	16,252,879	156,646,210	99,516,682	5,419,833
Interest paid	(24,815,989)	(24,644,379)	(11,545,823)	(12,286,415)
Income tax paid	(79,334,968)	(47,849,493)	(25,042,167)	(21,852,318)
Income tax refunded	100,487	-	-	-
Net Cash (Used In)/From Operating Activities	(87,797,591)	84,152,338	62,928,692	(28,718,900)

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES</b>				
Advances to subsidiary companies	-	-	(65,424,371)	(119,064,465)
Repayments from subsidiary companies	-	-	114,970,518	50,539,881
Dividend received	-	-	-	3,800,000
Interest received	3,540,764	1,580,163	2,274,691	685,220
Acquisition of property, plant and equipment	(16,817,589)	(7,040,635)	(5,469,678)	(6,902,046)
Additions to intangible assets	(696,428)	(5,524,420)	-	-
Additions to investment property	(8,564,725)	-	-	-
Withdrawal/(Placement) of fixed deposits pledged	336,878	(8,949,607)	2,126,226	(9,320,107)
Incorporation of a subsidiary company	-	-	-	(2)
Net cash inflow on acquisition of subsidiary companies	857	-	-	-
Acquisition of shares of subsidiary companies	-	-	(200)	(202)
Disposal of shares in a subsidiary company	-	-	-	60
Proceeds from dilution of equity interests in subsidiary companies	43	-	-	-
Net Cash (Used In)/From Investing Activities	(22,200,200)	(19,934,499)	48,477,186	(80,261,661)
<b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>				
Repayments of bank borrowings	(372,844,195)	(260,336,062)	(292,713,101)	(55,898,379)
Proceeds from bank borrowings	517,620,593	334,570,330	256,496,723	203,662,653
Advances from subsidiary companies	-	-	13,339,190	147,450,906
Repayments to subsidiary companies	-	-	(14,647,350)	(143,172,222)
Increase in investment in subsidiary companies	-	-	(45,360,132)	(207,893)
Payment of lease liabilities	(567,978)	(614,291)	(567,978)	(614,291)
Interest paid	(24,970)	(54,994)	(24,970)	(54,994)
Net Cash From/(Used In) Financing Activities	144,183,450	73,564,983	(83,477,618)	151,165,780
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	34,185,659	137,782,822	27,928,260	42,185,219
<b>EFFECT OF EXCHANGE RATE FLUCTUATIONS ON CASH HELD</b>	(176,634)	439	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	189,399,344	51,616,083	84,646,612	42,461,393
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 35)</b>	223,408,369	189,399,344	112,574,872	84,646,612

The accompanying Notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 1. GENERAL INFORMATION

The Company was incorporated in Malaysia as a private limited liability company. On 20 September 2022, the Company was converted to a public limited liability company. Consequentially, the Company assumed the name of SkyWorld Development Berhad.

The Company is principally engaged in the provision of management services to its subsidiaries and business of property development. On 30 May 2022, the Company expanded its principal activities to include investment holding.

On 10 July 2023, the Company became a public-listed company and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the holding company in each subsidiary company are set out in Note 17 to the financial statements.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at G Floor, Block B, Wisma NTP World, Excella Business Park, Jalan Ampang Putra, Ampang, 55100 Kuala Lumpur.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 11 July 2023.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

### Adoption of Amendments to Malaysian Financial Reporting Standards

In the current year, the Group and the Company have adopted all the Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are relevant and effective for annual periods beginning on or after 1 April 2022 as follows:

Amendments to MFRS 3 Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use

Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS 2018 - 2020 Cycle

The adoption of these Amendments to MFRSs did not result in significant changes to the accounting policies of the Group and of the Company and have no significant effect on the financial performance or position of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the Amendments to MFRSs relevant to the Group and the Company which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 <sup>1</sup>
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current <sup>1</sup>
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to MFRS 108	Definition of Accounting Estimates <sup>1</sup>
Amendments to MFRS 101	Disclosure of Accounting Policies <sup>1</sup>
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and Its Associate or Joint Venture <sup>2</sup>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>
Amendments to MFRS 101	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023 with earlier application permitted.

<sup>2</sup> Effective date deferred to a date to be determined and announced by MASB.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

The directors anticipate that the above-mentioned Amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The principal accounting policies adopted are set out below.

#### **Basis of Consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Basis of Consolidation (Cont'd)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/ permitted by applicable MFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

#### Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Business Combinations (Cont'd)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), 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 that date.

#### Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### Earnings per Share

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

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

Diluted EPS is determined by adjusting the total profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding of the Company, adjusted for the effects of all dilutive potential ordinary shares, if any.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalisation, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares. In addition, basic and diluted earnings per share of all periods presented shall be adjusted for the effects of errors and adjustments resulting from changes in accounting policies accounted for retrospectively.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Investment in Subsidiary Companies

An investment in a subsidiary company, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost less impairment losses, if any.

On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

#### Revenue and Other Income

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer or purchaser.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practice.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue and Other Income (Cont'd)

Nature of goods and services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Property development	<p>Revenue from property development is recognised over time if it creates an asset with no alternative use to the Group and the Company, and the Group and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.</p> <p>The progress towards complete satisfaction of the performance obligation is measured based on the Group's and the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).</p>	The credit terms offered by the Group and the Company to customers varies according to their respective sale and purchase agreements.	Discounts are given to customers from the issuance of progress billings.	Not applicable.	Defect liability period of up to 2 years is given to customers.
Sale of completed units	Revenue from sale of completed units is recognised at a point in time upon delivery of properties where the control of the properties has been passed to the buyers.	The credit terms offered by the Group and the Company to customers varies according to their respective sale and purchase agreements.	Discounts are given to customers from the issuance of progress billings.	Not applicable.	Defect liability period of up to a year is given to customers.
Property management and management services	Management fees is recognised over time when the service is rendered in accordance to contract term.	The credit terms offered by the Group and the Company to customers is 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Commission from e-commerce platform	Commission from e-commerce platform is recognised at a point in time upon receipt of confirmation from the buyers on products or services rendered by the providers.	The collection is due upon confirmation of products or services on the platform.	Not applicable.	Not applicable.	Not applicable.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Revenue and Other Income (Cont'd)

##### Interest income

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

##### Arrangement in provision of services

Revenue from the arrangement services is recognised when the services are performed.

##### Dividend income

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### Rental income

Rental income is recognised on a straight-line basis over the lease term.

#### Foreign Currencies

##### Functional and presentation currency

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Company's functional and presentation currency.

##### Foreign currency transactions and balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### Borrowing Costs

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

The amount of borrowing costs eligible for capitalisation is determined based on actual interest incurred on borrowings made specifically for the purpose of obtaining a qualifying asset and less any investment income on the temporary investment of that borrowing.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Employee Benefits

##### Short-term employee benefits

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

##### Defined contribution plans

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

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

##### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

##### Current tax and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Property, Plant and Equipment

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

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

Capital work-in-progress is stated at cost and not depreciated until such time when the asset is available for use.

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

Building	2%
Computer software	20% - 33 $\frac{1}{3}$ %
Electrical fittings	20%
Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10% - 20%
Renovation	11% - 20%
Plant and machinery	20%

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

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

#### Leases

##### The Group and the Company as a lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Leases (Cont'd)

##### The Group and the Company as a lessee (Cont'd)

The lease liability is presented as a separate line in the statements of financial position.

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

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

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

The Group and the Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-to-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Property, Plant and Equipment" policy.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Leases (Cont'd)

##### The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its commercial properties.

Leases for which the Group is lessor are classified as finance or operating leases. Whenever the terms of the lease transfer 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 term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with MFRS 136 *Impairment of Assets*.

Costs that are directly associated with identifiable assets controlled by the Group and the Company that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Expenditure which enhances or extends the performance of intangible assets beyond their original specifications is recognised as a capital improvement and added to the original cost of the intangible assets. Costs associated with maintaining intangible assets are recognised as an expense when incurred.

Amortisation of the intangible assets begins when it is available for use, which means when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceed and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

#### Investment Properties

Investment properties are properties which are owned or held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes (including property under construction for such purposes). Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

When the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value has been reliably determinable or construction is complete, whichever is earlier.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied, the deemed cost for subsequent accounting is the fair value at the date of change in use.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Impairment of Non-financial Assets

The Group and the Company assess at each reporting date whether there is an indication that non-financial assets may be impaired.

If such an indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset, other than goodwill, is reversed if, and only if, there has been a change in the estimates used to determine the asset's or CGU's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset, other than goodwill, is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset, other than goodwill, is recognised in profit or loss.

#### Inventories

##### Land held for property development

Land held for property development, stated at cost less accumulated impairment losses, if any, is classified as a non-current asset when no development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified to property development costs at the point when development activities commence and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Inventories (Cont'd)

##### Property development costs

Property development costs are determined based on a specific identification basis. Property development costs comprising costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors that meet the definition of inventories are recognised as an asset and 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 the estimated costs of completion and applicable selling expenses. The asset is subsequently recognised as an expense in profit or loss when/or as the control of the asset is transferred to the customer over time or at a point in time.

##### Completed development properties

Inventories consist of completed development properties, which are stated at the lower of cost and net realisable value.

The cost of completed development properties comprises cost of land and relevant development expenditure.

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

#### Financial Instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provision of the instrument.

Financial assets and liabilities are initially measured 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 and loss ("FVTPL")) are added to or deducted from the fair value of the financial assets and liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

##### (i) Financial Assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these 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.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial Instruments (Cont'd)

##### (i) Financial Assets (Cont'd)

###### Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income ("FVTOCI"). The Group and the Company recognise life time expected credit losses for all receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The impairment losses and reversals are recognised in the profit or loss.

###### Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise the retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the profit or loss.

##### (ii) Financial Liabilities and Equity Instruments

###### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group and the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

###### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

###### Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Financial Instruments (Cont'd)

(ii) Financial Liabilities and Equity Instruments (Cont'd)

Derecognition of financial liabilities

The Group and the Company derecognise financial liabilities when, and only when, the Group's and the Company's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the profit or loss.

(iii) 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 contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the impairment loss determined in accordance with MFRS 9 *Financial Instruments*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

#### Contract Assets and Contract Liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's and the Company's contract asset is the excess of cumulative revenue earned over the billings to-date. Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers. The Group's and the Company's contract liability is the excess of the billings to-date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group and the Company perform their obligation under the contracts.

#### Contract Cost Assets

The Group and the Company recognise the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

These contract costs 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 profit or loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of past events, it is probable that the Group and the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Provision for Bumiputera quota penalties on non-compliance of Bumiputera quotas is recognised based on estimated penalties to be imposed by local authorities.

#### Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment's results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash and cash equivalents include cash on hand and at banks and short-term highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risks of changes in value, against which bank overdrafts, if any, are deducted.

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

#### Critical Judgements in Applying the Group's Accounting Policies

In applying the Group's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

#### Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### Revenue and Cost of Sales Recognition for Property Development Activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

##### Key Sources of Estimation Uncertainty (Cont'd)

###### Revenue and Cost of Sales Recognition for Property Development Activities (Cont'd)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development costs. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialist.

###### Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised.

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 19.

###### Net Realisable Value of Inventories - Completed Properties

Inventories are stated at the lower of cost and net realisable value. The Group determines net realisable value based on historical trends and management estimates of future selling pricing. Possible changes in these estimates could result in revisions to the valuation of inventories. The details are disclosed in Note 21.

###### Provision for Bumiputera Quota Penalties

Provision for Bumiputera quota penalties is recognised for expected claims based on estimated penalties to be imposed by local authorities. Significant judgement is required in determining the amount of provision for Bumiputera quota penalties to be made. The Group evaluates the amount of provision required based on past experience and the industry norm. The details are disclosed in Note 33.

###### Impairment of Investment in Subsidiary Companies

The Company conducts an annual impairment review of its investment in subsidiary companies. When there is an indication that the carrying amount may be impaired, the investment in subsidiary companies' recoverable amount, being the higher of its fair value less costs to sell and its value-in-use ("VIU"), will be assessed.

In determining the VIU of the CGU of the investees, being the future economic benefits to be expected from its continued use and ultimate disposal, the Company makes estimates and assumptions that require significant judgements. While the Company believes these estimates and assumptions of VIU could be reasonable and appropriate, changes on these estimates and assumptions of VIU could impact the Company's financial position and results. The carrying amount of investment in subsidiary companies is disclosed in Note 17.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 5. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers	841,411,386	790,436,718	268,093,394	307,980,268
Disaggregation of the revenue from contracts with customers:				
Property development	783,264,183	757,715,134	231,137,674	276,004,148
Sale of completed units	57,520,459	32,653,544	-	-
Property management fee	50,889	68,040	-	-
Commission from e-commerce platform	575,855	-	-	-
Management fee charged to subsidiary companies (Note 26)	-	-	36,955,720	31,976,120
	841,411,386	790,436,718	268,093,394	307,980,268
Timing of revenue recognition:				
At a point in time	58,096,314	32,653,544	-	-
Over time	783,315,072	757,783,174	268,093,394	307,980,268
	841,411,386	790,436,718	268,093,394	307,980,268

## 6. COST OF SALES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Property development costs	502,284,194	529,221,799	157,324,391	208,219,166
Reversal of overprovision of construction costs	(91,755)	(1,579,844)	-	-
Cost of completed units sold	38,513,322	13,115,474	-	-
Other direct costs	2,359,201	72,268	-	-
	543,064,962	540,829,697	157,324,391	208,219,166

Property development costs of the Group recognised in the current year consists of reversal adjustment due to overaccrual of development cost which amounted to RM148,472 (2022: RM9,681,550) in the previous year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 7. OTHER OPERATING INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Commission from provision of services	-	27,356	-	-
Dividend income from subsidiary companies (Note 26)	-	-	-	128,000,000
Interest income from:				
- fixed deposits	3,540,764	1,580,163	2,274,691	685,220
- subsidiary companies (Note 26)	-	-	16,552,025	18,742,072
Rental income	975,920	377,516	-	-
Forfeiture of deposits	436,037	327,850	-	66,575
Realised gain on foreign exchange	-	795	-	-
Sundry income	885,491	827,694	480,222	343,560
	5,838,212	3,141,374	19,306,938	147,837,427

## 8. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
- Bank borrowings	26,289,793	24,644,379	11,545,823	12,286,415
- Amount owing to subsidiary companies (Note 26)	-	-	1,363,249	7,240,927
- Lease liabilities (Note 30)	24,970	54,994	24,970	54,994
	26,314,763	24,699,373	12,934,042	19,582,336
Less: Finance costs capitalised in:				
- Property, plant and equipment (Note 12)	(10,239)	-	-	-
- Investment property (Note 15)	(1,463,565)	-	-	-
- Land held for property development (Note 16)	(10,074,793)	(6,956,819)	-	-
	(11,548,597)	(6,956,819)	-	-
	14,766,166	17,742,554	12,934,042	19,582,336



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 9. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>After charging:</b>				
Staff costs and directors' remuneration (Note 10)	46,211,451	41,903,179	46,211,451	41,903,179
Allowance for doubtful debts:				
- Trade receivables (Note 24)	-	137,591	-	137,591
- Other receivables (Note 25)	-	1,692,593	-	-
- Amount owing by subsidiary companies (Note 26)	-	-	948,972	347,358
Bad debts written off (Note 24)	6,707	-	-	-
Depreciation of:				
- Property, plant and equipment (Note 12)	1,312,154	897,652	1,267,213	876,968
- Right-of-use assets (Note 13)	540,354	596,211	540,354	596,211
Amortisation of intangible assets (Note 14)	263,460	-	-	-
Property, plant and equipment written off	-	4,426	-	4,426
Loss on derecognition of right-of-use assets	-	23,918	-	23,918
Expenses relating to short-term leases	1,005,436	1,052,466	1,005,436	1,052,466
Expenses relating to leases of low-value assets	123,604	74,044	119,446	68,094
Auditors' remuneration				
- Statutory audit	525,966	490,402	152,800	116,000
- Other assurance services	1,175,000	-	1,175,000	-
Provision for Bumiputera quota penalties (Note 33)	758,804	3,433,899	-	-
Unrealised loss on foreign exchange	69,533	-	-	-
Impairment loss on intangible assets (Note 14)	696,428	2,807,155	-	-
Loss on disposal of investment in a subsidiary company	-	-	-	599,940
<b>After crediting:</b>				
Reversal of allowance for doubtful debts of trade receivables (Note 24)	(59,232)	-	(59,232)	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 10. STAFF COSTS AND DIRECTORS' REMUNERATION

	Group and Company	
	2023	2022
	RM	RM
Staff costs:		
- Salaries, wages, allowances and overtime	22,189,429	21,824,849
- Bonus	8,271,638	7,086,635
- Employees provident fund	3,834,477	3,612,192
- Social security contribution	202,100	185,159
- Other staff related costs	3,796,276	1,673,433
	38,293,920	34,382,268
Executive Directors' remuneration:		
- Salaries, wages and allowances	4,660,000	4,796,200
- Bonus	2,149,745	1,849,614
- Employees provident fund	931,167	871,403
- Social security contribution	3,182	3,694
- Other emoluments - training	27,605	-
	7,771,699	7,520,911
Non-executive Directors' remuneration:		
- Fees	125,332	-
- Other emoluments - allowance	20,500	-
	145,832	-
	46,211,451	41,903,179

## 11. INCOME TAX EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Estimated tax payable:				
Current year	52,914,497	39,556,139	15,584,735	14,695,096
Underprovision in prior years	8,185,475	4,698,140	3,100,383	3,475,650
	61,099,972	44,254,279	18,685,118	18,170,746
Deferred tax (Note 19):				
Current year	3,846,058	(481,341)	(1,524,988)	(3,147,105)
(Over)/Underprovision in prior years	(10,873,431)	1,959,654	(5,177,050)	3,416,200
	(7,027,373)	1,478,313	(6,702,038)	269,095
	54,072,599	45,732,592	11,983,080	18,439,841

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 11. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	204,784,173	150,018,134	51,982,193	172,082,905
Tax expense calculated using the Malaysia statutory income tax rate of 24%	49,148,202	36,004,352	12,475,726	41,299,897
Tax effects of:				
- expenses that are not deductible in determining taxable profit	10,449,659	3,780,466	1,584,021	968,094
- income not taxable in determining taxable profit	-	(2,135,342)	-	(30,720,000)
Utilisation of deferred tax assets not previously recognised	(2,934,301)	(229,787)	-	-
Deferred tax assets not recognised	96,995	1,655,109	-	-
Underprovision of estimated tax payable in prior years	8,185,475	4,698,140	3,100,383	3,475,650
(Over)/Underprovision of deferred tax in prior years	(10,873,431)	1,959,654	(5,177,050)	3,416,200
	54,072,599	45,732,592	11,983,080	18,439,841

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2018, the Ministry of Finance ("MOF") has allowed companies to carry forward their unabsorbed capital allowance indefinitely until it is fully absorbed.

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, the time limit to utilise unused tax losses has been extended to a maximum of 10 consecutive years. This amendment is deemed to have effect from the year of assessment 2019. Furthermore, unused tax losses brought forward from year of assessment 2018 can be carried forward for another 10 consecutive years of assessment (i.e. from year of assessment 2019 to 2028).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 11. INCOME TAX EXPENSE (CONT'D)

Expiry date of the Group's unused tax losses is summarised below:

	2023 RM	Group 2022 RM
Year of assessment:		
2028	-	1,426,693
2029	-	923,597
2030	-	832,472
2031	250,991	8,798,555
2032	526,289	5,901,283
2033	393,734	-

As at year end, the estimated amount of unused tax losses, unabsorbed capital allowances and other deductible temporary differences for which deferred tax assets are not recognised in the financial statements due to uncertainty of realisation are as follows:

	2023 RM	Group 2022 RM
Unused tax losses	1,171,014	12,001,724
Unabsorbed capital allowances	50,944	75,258
Other deductible temporary differences	-	1,230,568
	1,221,958	13,307,550

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Building RM	Computer software RM	Electrical fittings and fittings RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Plant and machinery RM	Capital work in progress RM	Total RM
<b>Cost</b>										
As at 1 April 2021	-	3,323,435	46,670	970,127	79,013	1,819,251	3,633,717	98,848	-	9,971,061
Additions	6,650,000	131,096	-	-	-	112,950	8,000	8,002	130,587	7,040,635
Written off	-	-	-	-	-	(7,480)	-	-	-	(7,480)
As at 31 March 2022/ 1 April 2022	6,650,000	3,454,531	46,670	970,127	79,013	1,924,721	3,641,717	106,850	130,587	17,004,216
Additions	-	267,497	-	22,760	-	273,602	4,964,973	-	11,204,311	16,733,143
Reclassification	-	50,525	-	-	-	-	-	-	(50,525)	-
Written off	-	-	-	(11,536)	-	-	-	-	-	(11,536)
As at 31 March 2023	6,650,000	3,772,553	46,670	981,351	79,013	2,198,323	8,606,690	106,850	11,284,373	33,725,823



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Building RM	Computer software RM	Electrical fittings and RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Plant and machinery RM	Capital work in progress RM	Total RM
<b>Accumulated depreciation</b>										
As at 1 April 2021	-	2,551,885	46,667	673,918	75,102	1,446,356	3,075,227	7,810	-	7,876,965
Charge for the year (Note 9)	21,201	304,365	-	51,811	3,910	162,440	333,240	20,685	-	897,652
Written off	-	-	-	-	-	(3,054)	-	-	-	(3,054)
As at 31 March 2022/ 1 April 2022	21,201	2,856,250	46,667	725,729	79,012	1,605,742	3,408,467	28,495	-	8,771,563
Charge for the year (Note 9)	145,049	330,241	-	56,613	-	141,982	616,899	21,370	-	1,312,154
Written off	-	-	-	(11,536)	-	-	-	-	-	(11,536)
As at 31 March 2023	166,250	3,186,491	46,667	770,806	79,012	1,747,724	4,025,366	49,865	-	10,072,181
<b>Net carrying amount</b>										
As at 31 March 2022	6,628,799	598,281	3	244,398	1	318,979	233,250	78,355	130,587	8,232,653
As at 31 March 2023	6,483,750	586,062	3	210,545	1	450,599	4,581,324	56,985	11,284,373	23,653,642

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Building RM	Computer software RM	Electrical fittings and RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
<b>Cost</b>								
As at 1 April 2021	-	3,302,548	46,670	599,667	79,013	1,799,074	3,633,717	9,460,689
Additions	6,650,000	131,096	-	-	-	112,950	8,000	6,902,046
Transfer to a subsidiary company	-	-	-	-	-	(7,480)	-	(7,480)
As at 31 March 2022/1 April 2022	6,650,000	3,433,644	46,670	599,667	79,013	1,904,544	3,641,717	16,355,255
Additions	-	218,413	-	22,760	-	263,532	4,964,973	5,469,678
Transfer to a subsidiary company	-	-	-	(18,500)	-	-	-	(18,500)
As at 31 March 2023	6,650,000	3,652,057	46,670	603,927	79,013	2,168,076	8,606,690	21,806,433
<b>Accumulated depreciation</b>								
As at 1 April 2021	-	2,530,909	46,667	303,459	75,102	1,426,266	3,075,227	7,457,630
Charge for the year (Note 9)	21,201	304,365	-	51,811	3,910	162,441	333,240	876,968
Transfer to a subsidiary company	-	-	-	-	-	(3,054)	-	(3,054)
As at 31 March 2022/1 April 2022	21,201	2,835,274	46,667	355,270	79,012	1,585,653	3,408,467	8,331,544
Charge for the year (Note 9)	145,049	310,319	-	53,132	-	141,814	616,899	1,267,213
Transfer to a subsidiary company	-	-	-	(11,536)	-	-	-	(11,536)
As at 31 March 2023	166,250	3,145,593	46,667	396,866	79,012	1,727,467	4,025,366	9,587,221
<b>Net carrying amount</b>								
As at 31 March 2022	6,628,799	598,370	3	244,397	1	318,891	233,250	8,023,711
As at 31 March 2023	6,483,750	506,464	3	207,061	1	440,609	4,581,324	12,219,212

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use, with an aggregate cost of approximately RM7,263,602 (2022: RM6,617,689).

Finance costs of RM10,239 (2022: RM Nil) are capitalised in the property, plant and equipment of the Group at the rates of 5.26% (2022: Nil) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 13. RIGHT-OF-USE ASSETS

Group and Company	Office building RM	Office equipment RM	Total RM
<b>Cost</b>			
As at 1 April 2021	1,718,844	103,054	1,821,898
Additions (Note 30)	56,407	26,281	82,688
Derecognition	(109,339)	(18,213)	(127,552)
As at 31 March 2022/1 April 2022	1,665,912	111,122	1,777,034
Additions (Note 30)	-	27,773	27,773
Derecognition	(99,209)	-	(99,209)
As at 31 March 2023	1,566,703	138,895	1,705,598
<b>Accumulated depreciation</b>			
As at 1 April 2021	555,421	43,361	598,782
Charge for the year (Note 9)	574,625	21,586	596,211
Derecognition	(85,421)	(18,213)	(103,634)
As at 31 March 2022/1 April 2022	1,044,625	46,734	1,091,359
Charge for the year (Note 9)	514,067	26,287	540,354
Derecognition	(99,209)	-	(99,209)
As at 31 March 2023	1,459,483	73,021	1,532,504
<b>Net carrying amount</b>			
As at 31 March 2022	621,287	64,388	685,675
As at 31 March 2023	107,220	65,874	173,094

The Group and the Company lease several assets including office building and office equipment. The average lease term is 4 years (2022: 4 years).

The maturity analysis of lease liabilities is presented in Note 30.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 14. INTANGIBLE ASSETS

Group	Computer software programmes RM	Billboard advertisement rights RM	Total RM
<b>Cost</b>			
As at 1 April 2021	254,400	-	254,400
Transferred from inventories - property development costs (Note 20)	-	92,967	92,967
Additions	-	5,524,420	5,524,420
As at 31 March 2022/1 April 2022	254,400	5,617,387	5,871,787
Additions	-	696,428	696,428
As at 31 March 2023	254,400	6,313,815	6,568,215
<b>Accumulated amortisation</b>			
As at 1 April 2021/31 March 2022/1 April 2022	-	-	-
Charge for the year (Note 9)	-	(263,460)	(263,460)
As at 31 March 2023	-	(263,460)	(263,460)
<b>Impairment loss</b>			
As at 1 April 2021	(254,400)	-	(254,400)
Impairment loss (Note 9)	-	(2,807,155)	(2,807,155)
As at 31 March 2022/1 April 2022	(254,400)	(2,807,155)	(3,061,555)
Impairment loss (Note 9)	-	(696,428)	(696,428)
As at 31 March 2023	(254,400)	(3,503,583)	(3,757,983)
<b>Net carrying amount</b>			
As at 31 March 2022	-	2,810,232	2,810,232
As at 31 March 2023	-	2,546,772	2,546,772

The additions in previous year represent advertisement right for a period of 6 years granted to the Group by a local authority in exchange for the construction of an overhead pedestrian bridge. As at 31 March 2022, the Group was in the process of completing the application process. Amortisation of the intangible asset will commence upon completing the application process. During the financial year, the application process was completed. The directors performed impairment assessment on intangible assets with an indefinite useful life at least annually and whenever there is an indication at the end of the reporting period that the asset may be impaired. Based on the assessment, an impairment loss of RM696,428 has been recognised during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 14. INTANGIBLE ASSETS (CONT'D)

Qualitative information about fair value measurement of the advertisement right using significant unobservable inputs (Level 3) as at 31 March 2023 are as follows:

Intangible asset	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
Billboard advertisement rights	Comparison method of valuation	Prices quoted by third party advertisement company for similar advertisement services with a similar tenure	RM5,952 per slot	Higher quoted price, higher fair value
		Operating costs	RM36,384 per month	Higher estimated outgoings, lower fair value
		Pre-tax discount rate	5.7% per annum	Higher range of inputs, lower fair value

## 15. INVESTMENT PROPERTY

	Group	
	2023 RM	2022 RM
At beginning of year	-	-
Additions	8,442,998	-
Transferred from inventories - land held for property development (Note 16)	44,610,500	-
At end of year	53,053,498	-

Finance costs of RM1,463,565 (2022: RM Nil) are capitalised in the investment property of the Group at the rates ranging from 5.52% to 6.51% (2022: Nil) per annum.

Investment property of the Group amounting to RM35,544,197 (2022: RM Nil) are charged to the banks for credit facilities granted to the Group as disclosed in Note 31.

Fair value of the investment property under construction with carrying amount of RM53,053,498 (2022: RM Nil) are unable to be determined reliably as there are uncertainties in estimating their fair value at this juncture.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 16. INVENTORIES - LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of year	528,763,902	538,798,910	17,280,223	16,234,607
Additions	104,316,631	50,121,288	1,427,307	1,045,616
Transferred to inventories - property development costs (Note 20)	(44,618,484)	(60,156,296)	-	-
Transferred to investment property (Note 15)	(44,610,500)	-	-	-
Reclassified from prepaid expenses	4,021,940	-	-	-
At end of year	547,873,489	528,763,902	18,707,530	17,280,223

Included in the inventories - land held for property development are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Development costs	108,531,459	102,543,060	18,707,530	17,280,223
Long-term leasehold and freehold land	439,342,030	426,220,842	-	-
	547,873,489	528,763,902	18,707,530	17,280,223

Finance costs of RM10,074,793 (2022: RM6,956,819) are capitalised in the land held for property development of the Group at the rates ranging from 3.71% to 6.51% (2022: 5.51% to 6.51%) per annum.

Land held for property development of the Group amounting to RM424,080,346 (2022: RM213,507,104) are charged to the banks for credit facilities granted to the Group as disclosed in Note 31.

## 17. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost:		
At beginning of year	40,561,985	40,953,888
Incorporation of a subsidiary company	-	2
Acquisition of additional ordinary shares in existing subsidiary companies by way of:		
- Cash	45,360,132	207,893
- Capitalisation of amount owing by subsidiary companies	1,499,898	-
Acquisition of new subsidiary companies	200	202
Disposal of equity interest in existing subsidiary company	-	(600,000)
At end of year	87,422,215	40,561,985

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies are as follows:

Name of company	Country of incorporation	Proportion of ownership interest and voting power held by the Group		Principal activities
		2023 %	2022 %	
Bennington Development Sdn. Bhd.	Malaysia	100	100	Property development
Citra Amal Sdn. Bhd.	Malaysia	100	100	Property development
Curvo Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyAwani 2 Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyAwani 5 Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyHill Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyLuxe Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyMeridien Development Sdn. Bhd.	Malaysia	100	100	Property development
SkySanctuary Development Sdn. Bhd.	Malaysia	100	100	Property development and property investment
SkySierra Development Sdn. Bhd.	Malaysia	100	99.99	Property development
SkyVogue Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyVue Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyAman Development Sdn. Bhd.	Malaysia	100	100	Property development
West Victory Sdn. Bhd.	Malaysia	100	100	Property development
Medan Srijuta Sdn. Bhd.	Malaysia	60	60	Property development
NTP World Corporation Sdn. Bhd.	Malaysia	60	59.99	Property development
SkyWorld Capital Berhad	Malaysia	100	100	Treasury management
SkyWorld Connects Sdn. Bhd.	Malaysia	100	100	Management services and e-commerce business
Aqua Legacy Sdn. Bhd.	Malaysia	100	100	Property development
Legasi Spohra Sdn. Bhd.	Malaysia	100	100	Property development

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

The details of the subsidiary companies are as follows: (Cont'd)

Name of company	Country of incorporation	Proportion of ownership interest and voting power held by the Group		Principal activities
		2023 %	2022 %	
SkyWorld Land Sdn. Bhd.	Malaysia	75	100	Property development and investment holding
SkyWorld Properties Sdn. Bhd.	Malaysia	80	100	Property development and investment holding
SkyWorld Venture Sdn. Bhd.	Malaysia	60	60	Property development and investment holding
Rimba Maju Realiti Sdn. Bhd.	Malaysia	60	60	Property development
SkyWorld Asset Management Sdn. Bhd.	Malaysia	100	100	Management services and property investment
SkyRia Development Sdn. Bhd.	Malaysia	100	100	Property development
Klasik Eramas Sdn. Bhd.	Malaysia	100	100	Property development
SkyWorld Staris Development Sdn. Bhd.	Malaysia	100	100	Property development
SkyWorld Builder Sdn. Bhd.	Malaysia	100	-	Property development
Aspirasi Cekap Sdn. Bhd.	Malaysia	100	-	Property development
SkyWorld Development (Vietnam) Company Limited #	Vietnam	100	100	Management consulting services
<b>Subsidiary of SkyWorld Venture Sdn. Bhd.</b>				
Desa Imbangan Sdn. Bhd.	Malaysia	60	60	Property development
<b>Subsidiary of SkyWorld Land Sdn. Bhd.</b>				
Central Enclave Sdn. Bhd.	Malaysia	75	-	Property development
<b>Subsidiary of SkyWorld Properties Sdn. Bhd.</b>				
Kem Batu Kentonmen Development Sdn. Bhd.	Malaysia	80	-	Property development

# The financial statements of the subsidiary company are audited by auditors other than the auditors of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### Incorporation of a subsidiary company

- (a) In previous year, the Company incorporated a new subsidiary company, SkyWorld Staris Development Sdn. Bhd. with an issued share capital of RM2 comprising 2 ordinary shares via cash.

#### Acquisition of additional ordinary shares in existing subsidiary companies

- (a) On 7 April 2022 and 1 September 2022, the Company increased its investment in Curvo Development Sdn. Bhd. by RM249,998 and RM750,000, respectively, by way of subscription of new shares via capitalisation of amount owing by subsidiary companies.
- (b) On 21 April 2022, the Company increased its investment in SkyWorld Land Sdn. Bhd. ("SLSB") by RM73 via cash. Thereafter, the directors of SLSB have allotted 25 ordinary shares, representing 25% equity interest of SLSB to Hijrah Megah Sdn. Bhd. (minority shareholder). Consequently, the Company's equity interest in SLSB decreased from 100% to 75%.
- (c) On 25 April 2022, the Company increased its investment in SkyWorld Properties Sdn. Bhd. ("SPSB") by RM78 via cash. Thereafter, the directors of SPSB have allotted 20 ordinary shares, representing 20% equity interest of SPSB to Hijrah Megah Sdn. Bhd. (minority shareholder). Consequently, the Company's equity interest in SPSB decreased from 100% to 80%.
- (d) On 14 June 2022, the Company acquired 1 ordinary share in NTP World Corporation Sdn. Bhd. ("NTP") from one of its resigned director of the Company for a total consideration of RM1 via cash. Consequently, the Company's equity interest in NTP increased from 59.99% to 60%.

On 12 September 2022, the Company entered into a conditional share sale agreement to acquire the remaining 40% equity interest comprising 2,000,000 ordinary shares held by Zafidi bin Mohamad, a director of the Group, in NTP for a total consideration of RM20,000,000 by way of issuance and allotment of 25,000,000 ordinary shares of the Company. The completion of the acquisition is subject to and conditional upon the approvals obtained from regulatory authorities. Upon completion of the acquisition, NTP would become a wholly-owned subsidiary of the Company.

- (e) On 24 June 2022, the Company increased its investment in SkyVue Development Sdn. Bhd. by RM499,900 by way of subscription of new shares via capitalisation of amount owing by subsidiary companies.
- (f) On 8 July 2022 and 15 December 2022, the Company increased its investment in SkyWorld Development (Vietnam) Company Limited ("SDVCL") by RM446,570 and RM44,913,408 respectively by way of subscription of new shares via cash.
- (g) On 30 March 2023, the Company acquired 2 ordinary shares in SkySierra Development Sdn. Bhd. ("SSDSB") for a total consideration of RM2 via cash. Consequently, the Company's equity interest in SSDSB increased from 99.99% to 100% and SSDSB became a wholly-owned subsidiary of the Company.
- (h) In previous year, the Company increased its investment in SkyWorld Venture Sdn. Bhd. ("SVSB") by RM58 via cash. Thereafter, the directors of SVSB have allotted 40 ordinary shares, representing 40% equity interest of SVSB to Mohd Nor. Bin Othman. Consequently, the Company's equity interest in SVSB decreased from 100% to 60%.
- (i) In previous year, the Company increased its investment in SDVCL by RM207,835 via cash.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### Acquisition of new subsidiary companies

- (a) On 5 May 2022, SLSB, a subsidiary of the Company, acquired 100% equity interest comprising 2 ordinary shares in Central Enclave Sdn. Bhd. ("CESB") for a total consideration of RM25 via cash. CESB is currently involved in the business of property development. The effective interest of the Company on CESB is 75%.
- (b) On 9 May 2022, SPSB, a subsidiary of the Company, acquired 100% equity interest comprising 1,000 ordinary shares in Kem Batu Kentonmen Development Sdn. Bhd. ("KBKD") for a total consideration of RM20 via cash. KBKD is currently involved in the business of property development. The effective interest of the Company on KBKD is 80%.
- (c) On 28 July 2022, the Company acquired 100% equity interest comprising 100 ordinary shares in SkyWorld Builder Sdn. Bhd. ("SBSB") for a total consideration of RM100 via cash. SBSB is currently involved in the business of property development.
- (d) On 15 August 2022, the Company acquired 100% equity interest comprising 100 ordinary shares in Aspirasi Cekap Sdn. Bhd. ("ACSB") for a total consideration of RM100 via cash. ACSB is currently involved in the business of property development.
- (e) In previous year, the Company acquired 100% equity interest comprising 100 ordinary shares in SkyRia Development Sdn. Bhd. (formerly known as Nusa Jutamas Sdn. Bhd.) for a total consideration of RM100 via cash.
- (f) In previous year, the Company acquired 100% equity interest comprising 100 ordinary shares in Klasik Eramas Sdn. Bhd. for a total consideration of RM100 via cash.
- (g) In previous year, the Company acquired 100% equity interest comprising 2 ordinary shares in SkyWorld Asset Management Sdn. Bhd. (formerly known as Arena Sports KL Sdn. Bhd.) from its subsidiary, NTP for a total consideration of RM2 via cash.

#### Disposal of equity interest in an existing subsidiary company

- (a) In previous year, the Company disposed 100% equity interest comprising 600,000 ordinary shares in Desa Imbangan Sdn. Bhd., representing all equity interest held by the Company, to its subsidiary, SkyWorld Venture Sdn. Bhd., for a total consideration of RM60 via cash.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### Subsidiary companies with material non-controlling interests

Set out below are the non-controlling interests of the subsidiary companies which the Group regards as material. The equity interests held by non-controlling interests are as follows:

	Equity interest held by non-controlling interests	
	2023 %	2022 %
Desa Imbangan Sdn. Bhd. ("DISB")	40	40
NTP World Corporation Sdn. Bhd. ("NTP")	40	40
	Profit/(Loss) and total comprehensive income/(loss) allocated to non-controlling interests	
	2023 RM	2022 RM
DISB	(483,014)	(472,130)
NTP	7,244,896	(1,226,868)
Individually immaterial subsidiary companies with non-controlling interests	(46,201)	(50,342)
	6,715,681	(1,749,340)
	Accumulated non-controlling interest	
	2023 RM	2022 RM
DISB	(3,013,490)	(2,530,475)
NTP	8,882,212	1,637,316
Individually immaterial subsidiary companies with non-controlling interests	286	66,887
	5,869,008	(826,272)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### Subsidiary companies with material non-controlling interests (Cont'd)

Summarised financial information of the subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below are the amounts before intercompany elimination.

	2023 RM	2022 RM
<b>DISB</b>		
Non-current assets	1,248,740	1,133,006
Current assets	23,273	12,021
Current liabilities	(8,805,737)	(7,471,215)
Capital deficiency	(7,533,724)	(6,326,188)
Capital deficiency attributable to material non-controlling interests at 40%	(3,013,490)	(2,530,475)
Revenue	-	-
Expenses	(1,207,536)	(1,180,326)
Total comprehensive loss	(1,207,536)	(1,180,326)
Total comprehensive loss attributable to material non-controlling interests for the year	(483,014)	(472,130)
Net cash outflow from operating activities	(948,134)	(1,379,919)
Net cash inflow from investing activities	74	522
Net cash inflow from financing activities	959,586	1,309,980
Net cash inflow/(outflow)	11,526	(69,417)
Net cash inflow/(outflow) attributable to material non-controlling interests for the year	4,610	(27,767)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 17. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### Subsidiary companies with material non-controlling interests (Cont'd)

	2023 RM	2022 RM
<b>NTP</b>		
Non-current assets	105,356,332	127,286,849
Current assets	1,023,458	935,247
Current liabilities	(84,174,260)	(124,128,807)
Equity	22,205,530	4,093,289
Equity attributable to material non-controlling interests at 40%	8,882,212	1,637,316
Revenue	46,982,265	-
Expenses	(28,870,024)	(3,067,171)
Total comprehensive income/(loss)	18,112,241	(3,067,171)
Total comprehensive income/(loss) attributable to material non-controlling interests for the year	7,244,896	(1,226,868)
Net cash (outflow)/inflow from operating activities	(4,723,646)	1,118,690
Net cash outflow from investing activities	(706,498)	(4,975,158)
Net cash inflow from financing activities	5,813,500	3,854,351
Net cash inflow/(outflow)	383,356	(2,117)
Net cash inflow/(outflow) attributable to material non-controlling interests for the year	153,342	(847)

## 18. GOODWILL

	2023 RM	Group 2022 RM
At beginning of year	1,149,238	1,149,238
Additions	64,660	-
At end of year	1,213,898	1,149,238

Goodwill acquired is allocated at acquisition to the cash generating unit ("CGU") of the Group that is expected to benefit from the business combination. The Group's methodology to test goodwill for impairment is described in Note 3.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 18. GOODWILL (CONT'D)

During the year, additional goodwill on consolidation as at the date of acquisition are as follows:

	<b>Kem Batu Kentonmen Development Sdn. Bhd. RM</b>	<b>Central Enclave Sdn. Bhd. RM</b>	<b>SkyWorld Builder Sdn. Bhd. RM</b>	<b>Total RM</b>
Cash consideration paid (Note 17)	20	25	100	145
<u>Fair value at date of acquisition</u>				
Cash and bank balances	(1,000)	(2)	-	(1,002)
Other payables and accrued expenses	37,845	25,248	2,424	65,517
Net liabilities	36,845	25,246	2,424	64,515
Goodwill arising from acquisition	36,865	25,271	2,524	64,660

The carrying amount of goodwill allocated by CGUs with indefinite useful life are allocated as follows:

	<b>Group</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
Medan Srijuta Sdn. Bhd.	403,716	403,716
SkyAwani 2 Development Sdn. Bhd.	97,514	97,514
Citra Amal Sdn. Bhd.	83,744	83,744
SkySanctuary Development Sdn. Bhd.	70,193	70,193
NTP World Corporation Sdn. Bhd.	63,597	63,597
Rimba Maju Realiti Sdn. Bhd.	58,337	58,337
SkyMeridien Development Sdn. Bhd.	47,080	47,080
SkySierra Development Sdn. Bhd.	46,172	46,172
SkyWorld Capital Berhad	41,015	41,015
Kem Batu Kentonmen Development Sdn. Bhd.	36,865	-
SkyAwani 5 Development Sdn. Bhd.	34,561	34,561
Desa Imbangan Sdn. Bhd.	26,266	26,266
SkyLuxe Development Sdn. Bhd.	25,812	25,812
Central Enclave Sdn. Bhd.	25,271	-
SkyVue Development Sdn. Bhd.	24,364	24,364
SkyVogue Development Sdn. Bhd.	23,201	23,201
SkyWorld Venture Sdn. Bhd.	20,480	20,480
SkyWorld Properties Sdn. Bhd.	20,475	20,475
SkyWorld Land Sdn. Bhd.	20,475	20,475
Aqua Legacy Sdn. Bhd.	15,806	15,806
Legasi Spohra Sdn. Bhd.	14,855	14,855
SkyHill Development Sdn. Bhd.	8,510	8,510
Bennington Development Sdn. Bhd.	3,063	3,063
SkyWorld Builder Sdn. Bhd.	2,524	-
Curvo Development Sdn. Bhd.	2	2
	<b>1,213,898</b>	<b>1,149,238</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 18. GOODWILL (CONT'D)

#### Impairment test for goodwill on consolidation

For the purpose of impairment testing, the goodwill has been allocated to the respective individual CGU.

The recoverable amount of the CGUs was based on its value in use calculation using cash flow projections based on the Group's financial budgets covering a three-year period.

The key assumptions used:

(i) Gross margins

Gross margins are based on average values achieved in the three years preceding the start of the budget period.

(ii) Discount rate

The pre-tax discount rate used of 7.06% (2022: 7.06%) is on a basis that reflect specific risks relating to the CGUs.

The values assigned to the key assumptions represent management's assessment of future trends as well as historical data in the industry which are based on both external and internal sources.

Based on the above, the carrying amount of the Group's CGUs was determined to be lower than the recoverable amount and no impairment loss was recognised.

The directors believe that no reasonably possible changes in any of the above key assumptions would cause the carrying amount of the Group's CGUs to materially exceed their recoverable amount.

### 19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deferred tax assets	19,947,044	12,815,253	6,143,267	-
Deferred tax liabilities	(893,916)	(789,498)	-	(558,771)
	19,053,128	12,025,755	6,143,267	(558,771)
At beginning of year	12,025,755	13,504,068	(558,771)	(289,676)
Recognised in profit or loss (Note 11)	7,027,373	(1,478,313)	6,702,038	(269,095)
At end of year	19,053,128	12,025,755	6,143,267	(558,771)



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The components and movements of deferred tax assets and liabilities during the year prior to offsetting are as follows:

Group	Contract liabilities RM	Other temporary differences RM	Unused tax losses RM	Net RM
As at 1 April 2021	4,387,996	(1,670,139)	10,786,211	13,504,068
Recognised in profit or loss	5,033,616	2,862,872	(9,374,801)	(1,478,313)
As at 31 March 2022/1 April 2022	9,421,612	1,192,733	1,411,410	12,025,755
Recognised in profit or loss	(2,747,671)	11,186,454	(1,411,410)	7,027,373
As at 31 March 2023	6,673,941	12,379,187	-	19,053,128

Company	Other temporary differences RM
As at 1 April 2021	(289,676)
Recognised in profit or loss	(269,095)
As at 31 March 2022/1 April 2022	(558,771)
Recognised in profit or loss	6,702,038
As at 31 March 2023	6,143,267

## 20. INVENTORIES - PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of year	196,428,318	270,155,803	29,231,659	55,199,853
Additions	395,590,501	449,475,460	135,897,223	179,980,739
Transferred from inventories - land held for property development (Note 16)	44,618,484	60,156,296	-	-
Transferred to intangible assets (Note 14)	-	(92,967)	-	-
Completed properties transferred to inventories	-	(52,948,393)	-	-
	636,637,303	726,746,199	165,128,882	235,180,592
Costs charged to profit or loss:				
Current year	(494,272,663)	(530,317,881)	(155,459,021)	(205,948,933)
At end of year	142,364,640	196,428,318	9,669,861	29,231,659

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 20. INVENTORIES - PROPERTY DEVELOPMENT COSTS (CONT'D)

Included in the inventories - property development costs are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Development costs	67,507,595	91,192,541	81,442	1,100,762
Long-term leasehold and freehold land	74,857,045	105,235,777	9,588,419	28,130,897
At end of year	142,364,640	196,428,318	9,669,861	29,231,659

Property development costs of the Group and of the Company amounting to RM57,080,064 and RM Nil respectively (2022: RM105,235,777 and RM28,130,897) are charged to the banks for credit facilities granted to the Group as disclosed in Note 31.

## 21. INVENTORIES - COMPLETED PROPERTIES

	Group	
	2023 RM	2022 RM
Completed development properties: - at cost	42,076,104	80,205,228
Charged to profit or loss: Cost of sales	38,513,322	13,115,474

Inventories with a carrying amount of RM Nil (2022: RM1,282,583) have been pledged as security for term loan as disclosed in Note 31.

## 22. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group's and the Company's contract assets and contract liabilities relating to the sales of property development as at the end of the year can be summarised as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Contract assets	175,057,855	117,432,233	43,099,497	97,118,715
Contract liabilities	(1,121,055)	(109,416,070)	-	(30,304,288)
Net	173,936,800	8,016,163	43,099,497	66,814,427

Included in contract assets of the Group and of the Company represent consideration payable to customers to be accounted for as a reduction of revenue, when the Group and the Company recognise revenue for the transfer of the related goods or services to the customers.

The Group and the Company issue progress billings to purchasers when the billing milestones are attained and recognise revenue when the performance obligations are satisfied.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 22. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of year	8,016,163	(22,440,420)	66,814,427	(25,668,356)
Revenue recognised during the year	840,784,642	790,436,718	231,137,674	276,004,148
Less: Progress billings during the year	(674,864,005)	(759,980,135)	(254,852,604)	(183,521,365)
At end of year	173,936,800	8,016,163	43,099,497	66,814,427

The transaction price allocated to the unsatisfied performance obligations of the Group and of the Company as at 31 March 2023 are RM712,528,651 and RM108,040,503 (2022: RM1,148,703,717 and RM336,310,999) respectively. The remaining performance obligations are expected to be recognised as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within 1 year	521,955,367	727,581,546	108,040,503	259,091,974
Between 1 and 4 years	190,573,284	421,122,171	-	77,219,025
At end of year	712,528,651	1,148,703,717	108,040,503	336,310,999

## 23. CONTRACT COST ASSETS

The Group and the Company recognise the incremental costs of obtaining a contract with a customer, which are expected to be recovered, as an asset. The incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

These contract costs 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 profit or loss when the carrying amount of the contract cost asset exceeds the expected revenue less expected costs that will be incurred.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of year	8,426,531	8,169,149	2,737,817	4,775,044
Additions	5,119,185	8,842,850	4,000	233,006
Costs charged to profit or loss: Current year	(8,160,003)	(8,585,468)	(1,865,370)	(2,270,233)
At end of year	5,385,713	8,426,531	876,447	2,737,817

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 24. TRADE RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables	17,306,032	58,806,202	2,384,230	4,500,098
Amount due from director	86,265	60,750	-	-
Amount due from related parties	-	161,000	-	-
Stakeholders' sum	22,465,609	15,318,375	14,287,500	-
	39,857,906	74,346,327	16,671,730	4,500,098
Less: Loss allowance	(78,359)	(137,591)	(78,359)	(137,591)
	39,779,547	74,208,736	16,593,371	4,362,507

Amount due from director, which arose mainly from trade transactions, are unsecured, bears interest at a rate of 10% (2022: 10%) per annum and have a credit term of 30 days (2022: 30 days).

In previous year, amount due from related parties, which were due from persons connected to certain directors of the Group in respect of purchase of development properties of the Group. The transactions were unsecured, bore interest at a rate 10% per annum and had a credit term of 30 days.

### Credit quality of financial assets

The credit term offered by the Group and the Company in respect of trade receivables is 30 days (2022: 30 days) from the date of invoice and progress billing. The amount outstanding from purchasers, bears interest at a rate of 10% (2022: 10%) per annum.

Stakeholders' sum represents retention sums held by solicitors upon handing over of vacant possession to individual purchasers of development properties. These amounts will be paid from 8 to 24 months after the delivery of vacant possession together with interest earned.

Set out below is the ageing analysis of trade receivables:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not impaired:				
- not past due	38,757,270	50,528,531	16,555,127	4,177,627
- past due by:				
1 to 30 days	246,065	9,007,545	30,000	80,000
31 to 60 days	545,065	10,143,717	-	55,000
61 to 90 days	-	3,379,447	-	-
91 to 120 days	-	372,186	-	-
More than 120 days	231,147	777,310	8,244	49,880
	39,779,547	74,208,736	16,593,371	4,362,507
Impaired	78,359	137,591	78,359	137,591
	39,857,906	74,346,327	16,671,730	4,500,098

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 24. TRADE RECEIVABLES (CONT'D)

### Credit quality of financial assets (Cont'd)

Trade receivables that are neither past due nor impaired comprises:

- (a) receivables arising from sale of development units to large number of purchasers with end financing facilities from reputable end financiers and the ownership and rights to the properties revert to the Group and the Company in the event of default; and
- (b) receivables from creditworthy debtors with good payment records.

The movement in the allowance for doubtful debts during the year is as follows:

	<b>Group and Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At beginning of year	137,591	-
Additions (Note 9)	-	137,591
Reversal (Note 9)	(59,232)	-
At end of year	78,359	137,591

The directors are of the opinion that these debts could be realised in full without material losses in the ordinary course of business as the legal title to the properties sold remained with the Group and the Company until the purchase consideration is fully settled/paid.

During the year, the Group had written off bad debts amounting to RM6,707 (2022: RM Nil) to profit or loss.

The Group's and the Company's credit risk management objectives, policies and exposure are described in Note 38.4.4.

## 25. OTHER RECEIVABLES, REFUNDABLE DEPOSITS AND PREPAID EXPENSES

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other receivables	2,269,826	37,644,382	223,750	2,266,100
Refundable deposits	7,374,687	4,434,932	3,027,333	1,323,261
Prepaid expenses	4,957,762	7,134,895	931,078	914,812
Goods and services tax receivables	1,422,317	1,422,317	-	-
	16,024,592	50,636,526	4,182,161	4,504,173
Less: Loss allowance	(1,792,593)	(1,792,593)	(100,000)	(100,000)
	14,231,999	48,843,933	4,082,161	4,404,173
Less: Prepaid expenses - non-current portion	(1,951,841)	(1,788,623)	-	-
	12,280,158	47,055,310	4,082,161	4,404,173

Included in other receivables of the Group and the Company is excess redemption of term loan of RM125,181 and RM52,518 (2022: RM33,601,005 and RM1,072,518) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 25. OTHER RECEIVABLES, REFUNDABLE DEPOSITS AND PREPAID EXPENSES (CONT'D)

The movement in the allowance for doubtful debts during the year is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of year	1,792,593	100,000	100,000	100,000
Additions (Note 9)	-	1,692,593	-	-
At end of year	1,792,593	1,792,593	100,000	100,000

## 26. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the financial statements of the Group and of the Company reflect the following transactions which are determined on a basis as negotiated between the Company and its related parties, being companies in which certain directors of the Company are also directors and have financial interest:

	Group	
	2023 RM	2022 RM
<b>Director:</b>		
Sale of development property	-	(996,300)
<b>Related parties:</b>		
Rental of office building	622,168	484,872
Rental of office equipment	134,845	71,700
Rental of motor vehicles	-	79,893
Insurance brokerage and related services	167,467	609,977
	Company	
	2023 RM	2022 RM
<b>Subsidiary companies:</b>		
Dividend income (Note 7)	-	(128,000,000)
Management fees (Note 5)	(36,955,720)	(31,976,120)
Interest income (Note 7)	(16,552,025)	(18,742,072)
Interest expense (Note 8)	1,363,249	7,240,927
Transfer of property, plant and equipment	(6,964)	-
<b>Related parties:</b>		
Rental of office building	622,168	484,872
Rental of office equipment	119,805	71,700
Rental of motor vehicles	-	79,893
Insurance brokerage and related services	106,820	468,846



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 26. RELATED PARTY TRANSACTIONS (CONT'D)

Amount owing by/(to) subsidiary companies represents advances and expenses paid on behalf, is unsecured, bears interest at rates ranging from 5.89% to 6.34% (2022: 5.70% to 7.00%) per annum and repayable on demand.

The movement in the allowance for doubtful debts in amount owing by subsidiary companies is as follows:

	Company	
	2023 RM	2022 RM
At beginning of year	4,517,747	4,170,389
Additions (Note 9)	948,972	347,358
At end of year	5,466,719	4,517,747

### Compensation of Key Management Personnel

The members of key management personnel of the Group and of the Company comprise directors of the Group and of the Company. Details on the compensation for these key management personnel are disclosed in Note 10.

## 27. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	23,807,680	17,496,223	7,046,742	3,575,045
Housing Development Accounts	155,211,311	248,320,664	105,487,952	157,489,110
Fixed deposits placed with licensed banks	58,707,671	14,655,171	12,569,123	14,655,171
Total (Note 35)	237,726,662	280,472,058	125,103,817	175,719,326

Fixed deposits placed with licensed banks have maturity periods ranging from 1 to 24 months (2022: 1 to 24 months) and earn interest at the effective interest rates ranging from 1.35% to 8.90% (2022: 1.35% to 3.35%) per annum.

Included in fixed deposits placed with licensed banks of the Group and of the Company are:

- fixed deposits pledged to bank for credit facilities granted to the Group and to the Company amounting to RM9,217,968 and RM7,428,620 (2022: RM6,715,171 and RM6,715,171) respectively, as disclosed in Note 31;
- monies held in debt service reserve accounts amounting to RMNil (2022: RM2,940,000) for the Group and the Company which are restricted in usage and do not form part of cash and cash equivalents;
- monies held in escrow accounts amounting to RM5,100,325 (2022: RM5,000,000) for the Group and the Company which are restricted in usage and do not form part of cash and cash equivalents; and
- money market deposit amounting to RM44,389,378 and RM40,178 (2022: RMNil and RMNil) for the Group and the Company which are not restricted in usage and form part of cash and cash equivalents.

Bank balances held under Housing Development Accounts which are maintained in designated Housing Development Accounts are pursuant to the Housing Developers (Control and Licensing) Act, 1966 and Housing Development (Housing Development Account) Regulations, 1991 in connection with the Group's and the Company's property development projects. The utilisation of these balances are restricted, before the completion of the housing development and fulfilling all relevant obligations to the purchasers, the cash could only be withdrawn from such accounts for the purpose of completing the particular projects concerned.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 28. SHARE CAPITAL

	Group and Company			
	2023		2022	
	No. of shares	RM	No. of shares	RM
<b>Ordinary shares: Issued and fully paid up:</b>				
As at 1 April 2021/31 March 2022/ 1 April 2022/31 March 2023	62,500,000	62,500,000	62,500,000	62,500,000

The holders of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company.

## 29. RETAINED EARNINGS

Retained earnings are available for distribution by way of dividends. The Company is under the single tier tax system. Under this system, tax on a company's profit is final tax and dividends paid are exempted from tax in hands of the shareholder.

## 30. LEASE LIABILITIES

	Group and Company	
	2023 RM	2022 RM
At beginning of year	688,729	1,220,332
Additions (Note 13)	27,773	82,688
Finance costs (Note 8)	24,970	54,994
Payments of leases and interest	(592,948)	(669,285)
At end of year	148,524	688,729

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 30. LEASE LIABILITIES (CONT'D)

The minimum lease payments for the lease liabilities are payable as follows:

Group and Company	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
<b>2023</b>			
<b>Current liabilities:</b>			
- Within one year	107,404	(2,535)	104,869
<b>Non-current liabilities:</b>			
- More than 1 year and within 2 years	18,108	(1,184)	16,924
- More than 2 years and within 5 years	27,720	(989)	26,731
	45,828	(2,173)	43,655
	153,232	(4,708)	148,524
<b>2022</b>			
<b>Current liabilities:</b>			
Within one year	588,916	(24,374)	564,542
<b>Non-current liabilities:</b>			
More than 1 year and within 2 years	101,356	(1,790)	99,566
More than 2 years and within 5 years	25,668	(1,047)	24,621
	127,024	(2,837)	124,187
	715,940	(27,211)	688,729

The Group and the Company discounted the lease liabilities by using the Group's and the Company's incremental borrowing rates ranging from 3.40% to 6.00% (2022: 3.40% to 6.00%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 31. BANK BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Term loans	461,305,423	363,751,494	159,258,498	196,405,087
Bridging loans	21,817,666	7,851,870	-	-
Bank overdrafts (Note 35)	-	76,417,543	-	76,417,543
	483,123,089	448,020,907	159,258,498	272,822,630

Bank borrowings are repayable as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Current</b>	159,196,051	158,224,826	120,047,924	135,513,150
<b>Non-current:</b>				
Later than one year but not more than 2 years	84,742,765	129,099,681	37,824,618	101,320,119
Later than 2 years but not more than 5 years	214,554,820	160,696,400	1,385,956	35,989,361
More than 5 years	24,629,453	-	-	-
	323,927,038	289,796,081	39,210,574	137,309,480
	483,123,089	448,020,907	159,258,498	272,822,630

As at 31 March 2023, the Group and the Company have term loans, bridging loans, bank overdrafts and other credit facilities totaling to RM1,098,888,000 and RM251,000,000 (2022: RM1,152,220,678 and RM493,520,678) respectively. The Group's and the Company's credit facilities bear interest at rates ranging from 4.37% to 6.51% and 4.37% to 6.48% (2022: 4.07% to 8.95% and 4.07% to 8.95%) respectively per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 31. BANK BORROWINGS (CONT'D)

The credit facilities of the Group and of the Company are secured by the following:

- (i) third party first to third legal fixed charge over the development lands of the Group;
- (ii) a fixed charge and floating charge by way of a debenture on the Group's and the Company's present and future assets;
- (iii) a charge over investment property of the Group amounting to RM35,544,197 (2022: RM Nil) as disclosed in Note 15;
- (iv) a charge over land held for property development of the Group amounting to RM424,080,346 (2022: RM213,507,104) as disclosed in Note 16;
- (v) a charge over property development costs of the Group and of the Company amounting to RM57,080,064 and RM Nil respectively (2022: RM105,235,777 and RM28,130,897) as disclosed in Note 20;
- (vi) a charge over completed properties of the Group amounting to RM Nil (2022: RM1,282,583) as disclosed in Note 21;
- (vii) assignment of sales proceeds arising from sale of development properties of certain subsidiary companies;
- (viii) assignment of all monies in the Housing Development Accounts of certain subsidiary companies subject to the provisions of the Housing Developer (Housing Development Account) Regulations, 1991;
- (ix) corporate guarantee by the Company;
- (x) joint and several guarantees by the following directors of the Group and of the Company:
  - a. Datuk Seri Ng Thien Phing
  - b. Datuk Lam Soo Keong @ Low Soo Keong
- (xi) deed of subordination from shareholders and directors of the Group and of the Company of all advances, right, benefits, interest including but not limited to profit; and
- (xii) fixed deposits pledged to bank for credit facilities granted to the Group and to the Company amounting to RM9,217,968 and RM7,428,620 (2022: RM6,715,171 and RM6,715,171) respectively, as disclosed in Note 27.

## 32. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade and on-going costs. The credit term granted to the Group and the Company in respect of trade purchases ranges from 30 to 90 days (2022: 30 to 90 days).

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables	95,775,332	105,605,314	21,498,741	29,629,594
Retention sums	65,381,897	84,871,666	28,365,852	37,036,044
	161,157,229	190,476,980	49,864,593	66,665,638

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

### 33. OTHER PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables	22,737,137	21,106,328	5,696,302	6,890,557
Accrued expenses	21,452,450	30,552,213	8,164,790	7,314,414
Amount due to related parties	-	13,538	-	11,900
Refundable deposits	2,830,132	5,145,569	-	-
Provision for Bumiputera quota penalties	4,192,703	3,433,899	-	-
	51,212,422	60,251,547	13,861,092	14,216,871

Amount due to related parties were from companies in which the directors of the Company are also directors and have financial interests. In previous year, included in amount due to related parties were rental of office building, rental of office equipment, rental of motor vehicles and insurance brokerage services which had credit terms of 0 to 7 days and bore interest at rate of 0% to 8%.

Movement of the provision for Bumiputera quota penalty is as follows:

	Group	
	2023 RM	2022 RM
At beginning of year	3,433,899	-
Additions (Note 9)	758,804	3,433,899
At end of year	4,192,703	3,433,899

### 34. LAND COSTS PAYABLE

	Group	
	2023 RM	2022 RM
Current	1,148,234	77,020,778

In the previous year, included in the land costs payable was an amount of RM75,164,400 representing the balance purchase consideration for the acquisition of leasehold land located in Kuala Lumpur by a wholly-owned subsidiary of the Company. The balance purchase consideration has been fully settled during the year.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 35. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances (Note 27)	237,726,662	280,472,058	125,103,817	175,719,326
Less:				
Cash and bank balances restricted in usage (Note 27)	(14,318,293)	(14,655,171)	(12,528,945)	(14,655,171)
Bank overdrafts (Note 31)	-	(76,417,543)	-	(76,417,543)
	223,408,369	189,399,344	112,574,872	84,646,612

## 36. EARNINGS PER SHARE

### Basic

The calculation of basic earnings per ordinary share at the end of the year is based on the profit attributable to ordinary equity holders and a weighted average number of ordinary shares outstanding, calculated as follows:

	2023 RM	Group 2022 RM
Profit attributable to ordinary equity holders	143,995,893	106,034,882
<b>Weighted average number of shares</b>		
At beginning and end of year	62,500,000	62,500,000
Effect of ordinary shares issued after the reporting period: Arising from bonus issue of ordinary shares (Note 40(b))	704,500,000	704,500,000
Weighted average number of ordinary shares in issue*	767,000,000	767,000,000
Basic earnings per ordinary share attributable to owners of the Company (sen)	18.77	13.82

\* Represents the weighted average number of issued and fully paid ordinary shares of the Company in issue, adjusted retrospectively for the effect of bonus issue as disclosed in Note 40(b).

The calculation of earnings per share amounts are not adjusted for the following transactions occurring after the reporting period because such transactions do not affect the amount of capital used to produce profit or loss for the year:

- bonus issue of 187,500,000 irredeemable convertible preference shares ("ICPS") as disclosed in Note 40(c).
- issuance and allotment of 25,000,000 ordinary shares arising from the acquisition of the remaining equity interest in a subsidiary as disclosed in Note 40(d).
- public issue of 208,000,000 new ordinary shares pursuant to the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad as disclosed in Note 40(f).

### Diluted

The basic and diluted earnings per share are the same as there were no dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 37. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- (i) Property Development - Comprising development of high-rise residential, commercial and affordable home
- (ii) Property Management and Management Services - Supervision of third party management company, provision of management services to the subsidiaries and commission from e-commerce platform
- (iii) Construction - Design and build of a sports complex

Segment assets and segment liabilities are neither included in the internal management reports nor provided regularly to the Group's chief operating decision maker for regular review. Accordingly, there is no further disaggregation of segment assets and segment liabilities of property development of the Group.

#### **Geographical information**

No geographical information is provided as the Group's principal activities are carried out predominantly in Malaysia.

#### **Major customers information**

No major customers information is provided as the Group does not have any single customer more than 10% of the total revenue.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 37. SEGMENT INFORMATION (CONT'D)

### Major customers information (Cont'd)

Information regarding the Group's reportable segments is presented below:

	Property development RM	Property management and services RM	Construction RM	Elimination RM	Total RM
<b>2023</b>					
<b>Revenue</b>					
External revenue	840,784,642	626,744	-	-	841,411,386
Inter-segment revenue	-	83,937,985	-	(83,937,985)	-
<b>Total revenue</b>	<b>840,784,642</b>	<b>84,564,729</b>	<b>-</b>	<b>(83,937,985)</b>	<b>841,411,386</b>
<b>Cost of sales</b>					
External cost of sales	(542,934,455)	(222,262)	91,755	-	(543,064,962)
Inter-segment cost of sales	(39,150,882)	-	-	39,150,882	-
<b>Total cost of sales</b>	<b>(582,085,337)</b>	<b>(222,262)</b>	<b>91,755</b>	<b>39,150,882</b>	<b>(543,064,962)</b>
<b>Gross profit</b>	<b>258,699,305</b>	<b>84,342,467</b>	<b>91,755</b>	<b>(44,787,103)</b>	<b>298,346,424</b>
Other operating income					5,838,212
Selling and marketing expenses					(11,869,685)
Administrative expenses					(72,764,612)
Finance costs					(14,766,166)
<b>Profit before tax</b>					<b>204,784,173</b>
Income tax expense					(54,072,599)
<b>Profit for the year</b>					<b>150,711,574</b>
<b>Other information</b>					
Staff costs and directors' remuneration	(46,211,451)	-	-	-	(46,211,451)
Depreciation of:					
- Property, plant and equipment	(1,274,111)	(38,043)	-	-	(1,312,154)
- Right-of-use assets	(540,354)	-	-	-	(540,354)
Amortisation of intangible assets	(263,460)	-	-	-	(263,460)
Provision for Bumiputera quota penalties	(758,804)	-	-	-	(758,804)
Impairment loss on intangible assets	(696,428)	-	-	-	(696,428)
Reversal of allowance for doubtful debts of trade receivables	59,232	-	-	-	59,232

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 37. SEGMENT INFORMATION (CONT'D)

### Major customers information (Cont'd)

	Property development RM	Property management and services RM	Construction RM	Elimination RM	Total RM
<b>2022</b>					
<b>Revenue</b>					
External revenue	790,368,678	68,040	-	-	790,436,718
Inter-segment revenue	-	31,976,120	-	(31,976,120)	-
Total revenue	790,368,678	32,044,160	-	(31,976,120)	790,436,718
<b>Cost of sales</b>					
External cost of sales	(542,409,541)	-	1,579,844	-	(540,829,697)
Inter-segment cost of sales	(13,041,018)	-	-	13,041,018	-
Total cost of sales	(555,450,559)	-	1,579,844	13,041,018	(540,829,697)
Gross profit	234,918,119	32,044,160	1,579,844	(18,935,102)	249,607,021
Other operating income					3,141,374
Selling and marketing expenses					(10,751,120)
Administrative expenses					(74,236,587)
Finance costs					(17,742,554)
<b>Profit before tax</b>					150,018,134
Income tax expense					(45,732,592)
<b>Profit for the year</b>					104,285,542
<b>Other information</b>					
Staff costs and directors' remuneration	(41,903,179)	-	-	-	(41,903,179)
Allowance for doubtful debts:					
- Trade receivables	(137,591)	-	-	-	(137,591)
- Other receivables	(1,692,593)	-	-	-	(1,692,593)
Depreciation of:					
- Property, plant and equipment	(883,012)	(14,640)	-	-	(897,652)
- Right-of-use assets	(596,211)	-	-	-	(596,211)
Provision for Bumiputera quota penalties	(3,433,899)	-	-	-	(3,433,899)
Impairment loss on intangible assets	(2,807,155)	-	-	-	(2,807,155)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 38. FINANCIAL INSTRUMENTS

### 38.1 Capital Risk Management

The primary objective of the Group's and of the Company's capital management is to ensure that the Group and the Company 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. No changes were made in the objectives, policies or processes during the year ended 31 March 2023 and 31 March 2022.

The Group and the Company monitor capital using a gearing ratio, which is total debts divided by total equity. The total debts represent bank borrowings. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

The net gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Total debts	483,123,089	448,020,907	159,258,498	272,822,630
Less: Cash and bank balances	(237,726,662)	(280,472,058)	(125,103,817)	(175,719,326)
Net debts	245,396,427	167,548,849	34,154,681	97,103,304
Total equity	615,660,416	465,055,900	451,343,925	411,344,812
Gearing ratio (%)	40	36	8	24

The gearing ratio is not governed by the MFRS and its definition and calculation may vary.

### 38.2 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial instruments are disclosed in Note 3.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.3 Categories of Financial Instruments

	2023 RM	2022 RM
<b>Group</b>		
<b>Financial assets at amortised cost</b>		
Trade receivables	39,779,547	74,208,736
Other receivables and refundable deposits	7,851,920	40,286,721
Cash and bank balances	237,726,662	280,472,058
<b>Financial liabilities at amortised cost</b>		
Trade payables	161,157,229	190,476,980
Other payables and accrued expenses	47,019,719	56,817,648
Bank borrowings	483,123,089	448,020,907
Land costs payable	1,148,234	77,020,778
Lease liabilities	148,524	688,729
<b>Company</b>		
<b>Financial assets at amortised cost</b>		
Trade receivables	16,593,371	4,362,507
Other receivables and refundable deposits	3,151,083	3,489,361
Amount owing by subsidiary companies	367,514,784	439,913,496
Cash and bank balances	125,103,817	175,719,326
<b>Financial liabilities at amortised cost</b>		
Trade payables	49,864,593	66,665,638
Other payables and accrued expenses	13,861,092	14,216,871
Amount owing to subsidiary companies	19,720,868	19,672,743
Bank borrowings	159,258,498	272,822,630
Lease liabilities	148,524	688,729

### 38.4 Financial Risk Management

The operations of the Group and of the Company are subject to various risks which include liquidity risk, cash flow risk, interest rate risk and credit risk, in connection with their use or holding of financial instruments. The Group and the Company have adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group and of the Company.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 Financial Risk Management (Cont'd)

#### 38.4.1 Liquidity Risk Management

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations due to a shortage of funds.

The Group and the Company practise prudent liquidity risk management to minimise the mismatch of financial assets and financial liabilities and to maintain sufficient credit facilities for contingent funding requirement of working capital.

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount RM	Effective interest rates per annum %	Contractual cash flows RM	On demand or within			Total RM
				1 year RM	1 to 2 years RM	2 to 5 years RM	
<b>2023</b>							
Trade payables	161,157,229	-	161,157,229	-	-	-	161,157,229
Other payables and accrued expenses	47,019,719	-	47,019,719	-	-	-	47,019,719
Land costs payable	1,148,234	-	1,148,234	-	-	-	1,148,234
Bank borrowings	483,123,089	4.37 - 6.51	182,915,575	101,421,267	238,869,007	27,205,705	550,411,554
Lease liabilities	148,524	3.40 - 6.00	153,232	107,404	27,720	-	153,232
	692,596,795		759,889,968	392,348,161	101,439,375	238,896,727	759,889,968
Group	Carrying amount RM	Effective interest rates per annum %	Contractual cash flows RM	On demand or within			Total RM
				1 year RM	1 to 2 years RM	2 to 5 years RM	
<b>2022</b>							
Trade payables	190,476,980	-	190,476,980	190,476,980	-	-	190,476,980
Other payables and accrued expenses	56,817,648	-	56,817,648	56,817,648	-	-	56,817,648
Land costs payable	77,020,778	-	77,020,778	77,020,778	-	-	77,020,778
Bank borrowings	448,020,907	4.07 - 8.95	509,145,244	178,230,803	145,837,388	185,077,053	509,145,244
Lease liabilities	688,729	3.40 - 6.00	715,940	588,916	101,356	25,668	715,940
	773,025,042		834,176,590	503,135,125	145,938,744	185,102,721	834,176,590

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 Financial Risk Management (Cont'd)

#### 38.4.1 Liquidity Risk Management (Cont'd)

Company	Carrying amount RM	Effective interest rates per annum %	Contractual cash flows RM	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total RM
<b>2023</b>							
Trade payables	49,864,593	-	49,864,593	49,864,593	-	-	49,864,593
Other payables and accrued expenses	13,861,092	-	13,861,092	13,861,092	-	-	13,861,092
Amount owing to subsidiary companies	19,720,868	5.89 - 6.34	19,720,868	19,720,868	-	-	19,720,868
Bank borrowings	159,258,498	4.37 - 6.48	166,064,206	125,973,643	38,698,063	1,392,500	166,064,206
Lease liabilities	148,524	3.40 - 6.00	153,232	107,404	18,108	27,720	153,232
Financial guarantee*	-	-	-	-	-	-	-
	242,853,575		249,663,991	209,527,600	38,716,171	1,420,220	249,663,991
<b>2022</b>							
Trade payables	66,665,638	-	66,665,638	66,665,638	-	-	66,665,638
Other payables and accrued expenses	14,216,871	-	14,216,871	14,216,871	-	-	14,216,871
Amount owing to subsidiary companies	19,672,743	5.70 - 7.00	19,672,743	19,672,743	-	-	19,672,743
Bank borrowings	272,822,630	4.07 - 8.95	298,826,509	146,196,670	109,841,522	42,788,317	298,826,509
Lease liabilities	688,729	3.40 - 6.00	715,940	588,916	101,356	25,668	715,940
Financial guarantee*	-	-	-	-	-	-	-
	374,066,611		400,097,701	247,340,838	109,942,878	42,813,985	400,097,701

\* The total amount of financial guarantees provided by the Company to financial institutions for the credit facilities granted to subsidiary companies amounted to RM845,450,000 (2022: RM610,200,000).

The financial guarantees provided to financiers for subsidiary companies are accounted as financial liabilities if considered likely to crystallise. At end of each reporting period, the Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantee is not material and it was not probable that the counterparties to financial guarantee contracts will claim under the contracts. The above disclosure represents the maximum amount that is required to be settled in the event of triggering.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 38. FINANCIAL INSTRUMENTS (CONT'D)

### 38.4 Financial Risk Management (Cont'd)

#### 38.4.2 Cash Flow Risk Management

The Group and the Company review their cash flow position regularly to manage their exposure to fluctuations in future cash flows associated with their monetary financial instruments.

#### 38.4.3 Interest Rate Risk Management

Interest rate risk is the risk that the fair values or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's interest-bearing financial assets are primarily short-term fixed deposits placed with licensed banks. The interest rates on these deposits are monitored closely to ensure that they are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates on deposits to be low.

The Group and the Company are exposed to interest rate risk through the impact of rate changes on bank borrowings and intercompany indebtedness. The interest rates of the Group's and of the Company's bank borrowings and intercompany indebtedness are disclosed in Note 31 and Note 26 respectively.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial assets and financial liabilities are disclosed in the table below as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Floating rate instruments</b>				
Term loans	461,305,423	363,751,494	159,258,498	196,405,087
Bridging loans	21,817,666	7,851,870	-	-
Bank overdrafts	-	76,417,543	-	76,417,543
Amount owing to subsidiary companies	-	-	19,720,868	19,672,743
Amount owing by subsidiary companies	-	-	(367,514,784)	(439,913,496)
	483,123,089	448,020,907	(188,535,418)	(147,418,123)

#### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for interest bearing bank borrowings at the end of the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2023 would decrease/increase by RM4,831,231 (2022: RM4,480,209) and the Company's profit for the year ended 31 March 2023 would decrease/increase by RM1,885,354 (2022: RM1,474,181), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.4 Financial Risk Management (Cont'd)

##### 38.4.4 Credit Risk Management

Financial assets that are primarily exposed to credit risk are receivables and bank balances.

##### Credit risk arising from trade receivables

The Group and the Company do not have any significant credit risk as its development units are predominantly rendered and sold to a large number of customers using financing from reputable end-financiers. The Group and the Company do not have significant exposure to any individual or counterparty nor does it have any major concentration of credit risk related to any financial instruments. Credit risks with respect to trade receivables are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default.

##### Credit risk arising from deposits places with licensed banks

Credit risk also arises from deposits placed with licensed banks. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

##### Credit risk arising from other receivables

As at 31 March 2023 and 31 March 2022, the maximum exposure to credit risk arising from other receivables is represented by its carrying amounts in the statements of financial position.

##### Credit risk arising from refundable deposits

Credit risk on refundable deposits is mainly arising from deposits paid for acquisition of land and office and office equipment rented. These deposits will be received at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement.

As at 31 March 2023 and 31 March 2022, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

##### Credit risk arising from subsidiary companies

The amount due from subsidiary companies are monitored closely by the Company. As at 31 March 2023 and 31 March 2022, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 38. FINANCIAL INSTRUMENTS (CONT'D)

#### 38.5 Fair Values of Financial Instruments

The fair values of financial instruments refer to the amounts at which the instruments could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction. Fair values have been arrived at based on prices quoted in an active, liquid market or estimated using certain valuation techniques such as discounted future cash flows based upon certain assumptions. Amounts derived from such methods and valuation techniques are inherently subjective and therefore do not necessarily reflect the amounts that would be received or paid in the event of immediate settlement of the instruments concerned.

On the basis of the amounts estimated from the methods and techniques as mentioned in the preceding paragraph, the carrying amount of the various financial assets and financial liabilities reflected on the statements of financial position approximate their fair values.

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows:

- Cash and bank balances, trade and other receivables, refundable deposits, intercompany indebtedness, trade and other payables, accrued expenses, short-term borrowings, land costs payable and lease liabilities: The carrying amounts are considered to approximate the fair values as they are either within the normal credit terms or they have short-term maturity period.
- Long-term borrowings: The fair values of long-term borrowings are determined by estimating future cash flows on a borrowing-by-borrowing basis, and discounting these future cash flows using an interest rate which takes into consideration the Group's incremental borrowing rate at year end for similar types of debt arrangements.
- Lease liabilities: The fair values of long-term financial liabilities are determined by the present value of future cash flow estimated and discounted using the current interest rates for similar instruments at the end of the reporting date. There is no material difference between the fair values and carrying values of these liabilities as at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

### 39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

<b>Group</b>	<b>Bank borrowings RM</b>	<b>Lease liabilities RM</b>
<b>2023</b>		
At beginning of year (excluding bank overdrafts)	371,603,364	688,729
<b>Changes from financing cash flows</b>		
Proceeds from bank borrowings	517,620,593	-
Repayments of bank borrowings	(372,844,195)	-
Payment of lease liabilities	-	(567,978)
Interest paid	-	(24,970)
<b>Non-cash items</b>		
Additions	-	27,773
Interest charged	26,289,793	24,970
Interest paid	(26,289,793)	-
Loan transaction cost	219,151	-
Reclassification from other receivables	(33,475,824)	-
At end of year (excluding bank overdrafts)	483,123,089	148,524
<b>2022</b>		
At beginning of year (excluding bank overdrafts)	288,202,334	1,220,332
<b>Changes from financing cash flows</b>		
Proceeds from bank borrowings	334,570,330	-
Repayments of bank borrowings	(260,336,062)	-
Payment of lease liabilities	-	(614,291)
Interest paid	-	(54,994)
<b>Non-cash items</b>		
Additions	-	82,688
Interest charged	24,644,379	54,994
Interest paid	(24,644,379)	-
Loan transaction cost	1,892,779	-
Reclassification to other receivables	7,273,983	-
At end of year (excluding bank overdrafts)	371,603,364	688,729



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

## 39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

Company	Amount owing to subsidiary companies RM	Bank borrowings RM	Lease liabilities RM
<b>2023</b>			
At beginning of year (excluding bank overdrafts)	19,672,743	196,405,087	688,729
<b>Changes from financing cash flows</b>			
Advances from subsidiary companies	13,339,190	-	-
Repayments to subsidiary companies	(14,647,350)	-	-
Proceeds from bank borrowings	-	256,496,723	-
Repayments of bank borrowings	-	(292,713,101)	-
Payment of lease liabilities	-	-	(567,978)
Interest paid	-	-	(24,970)
<b>Non-cash items</b>			
Additions	-	-	27,773
Interest charged	1,363,249	11,545,823	24,970
Interest paid	-	(11,545,823)	-
Loan transaction costs	-	89,789	-
Reclassification from other receivables	-	(1,020,000)	-
Transfer of property, plant and equipment	(6,964)	-	-
At end of year (excluding bank overdrafts)	19,720,868	159,258,498	148,524
<b>2022</b>			
At beginning of year (excluding bank overdrafts)	132,353,132	72,281,116	1,220,332
<b>Changes from financing cash flows</b>			
Advances from subsidiary companies	147,450,906	-	-
Repayments to subsidiary companies	(143,172,222)	-	-
Proceeds from bank borrowings	-	203,662,653	-
Repayments of bank borrowings	-	(55,898,379)	-
Payment of lease liabilities	-	-	(614,291)
Interest paid	-	-	(54,994)
<b>Non-cash items</b>			
Dividend income via capitalisation of amount owing to subsidiary companies	(124,200,000)	-	-
Additions	-	-	82,688
Interest charged	7,240,927	12,286,415	54,994
Interest paid	-	(12,286,415)	-
Loan transaction costs	-	461,318	-
Reclassification to other receivables	-	(24,101,621)	-
At end of year (excluding bank overdrafts)	19,672,743	196,405,087	688,729

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2023

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

- (a) On 31 January 2023, the Group has, via its subsidiary, SkyWorld Capital Berhad, lodged a rated Islamic Commercial Paper ("ICP") and Islamic Medium Term Notes ("IMTN") programme amounting to RM300,000,000 in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("ICP and IMTN Programme"). The ICP and IMTN Programme is intended for various business conduct including investing activities and working capital requirements. On 10 May 2023, the Group has issued the first tranche of ICP under the ICP and IMTN Programme amounting to RM1,000,000 with a tenure of 92 days at the interest rate of 4.30%.
- (b) On 3 May 2023, the Company had undertaken a bonus issue of shares on the basis of 1,409 bonus shares for every 125 existing shares. The bonus issue of shares was undertaken without any capitalisation from the reserves of the Company and that the new shares issued pursuant to the bonus issue of shares was issued as fully paid shares at nil consideration. Consequentially, the issued share capital of the Company after the effect of bonus issue of shares changed from RM62,500,000 comprising of 62,500,000 shares to RM62,500,000 comprising of 767,000,000 shares.
- (c) Concurrently with the bonus issue of shares, the Company has undertaken a bonus issue of irredeemable convertible preference shares ("ICPS") on the basis of 3 ICPS for every 1 existing share to its existing shareholders. The bonus issue of ICPS was undertaken by way of capitalisation from the reserves of the Company amounting to RM150,000,000.
- (d) As disclosed in Note 17, the Company entered into a conditional share sale agreement to acquire the remaining 40% equity interest comprising 2,000,000 ordinary shares held by Zafidi bin Mohamad, a director of the Group, in NTP for a total consideration of RM20,000,000 by way of issuance and allotment of 25,000,000 ordinary shares of the Company. The completion of the acquisition is subject to and conditional upon the approvals obtained from regulatory authorities.

On 11 May 2023, the acquisition was completed and NTP became a wholly-owned subsidiary of the Company. Consequentially, the issued share capital after the effect of acquisition of NTP shares increased from RM62,500,000 comprising of 767,000,000 shares to RM82,500,000 comprising of 792,000,000 shares.

- (e) On 3 July 2023, the directors proposed a first interim single-tier dividend of 3.0 sen per ordinary share amounting to approximately RM30,000,000 in respect of the current financial year based on the number of ordinary shares of the Company on 12 September 2023. The proposed dividend has not been included as a liability in the financial statements.
- (f) On 10 July 2023, the Company became a public-listed company and is listed on the Main Market of Bursa Malaysia Securities Berhad. The initial public offering comprising the public issue of 208,000,000 new ordinary shares and the offer for sale of 192,000,000 existing ordinary shares in the Company at an issue price of RM0.80 per share.

# STATEMENT BY DIRECTORS

The directors of **SKYWORLD DEVELOPMENT BERHAD** state that, in their 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 March 2023, 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.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

**DATUK SERI NG THIEN PHING**

Kuala Lumpur  
11 July 2023

**DATUK LAM SOO KEONG @ LOW SOO KEONG**

# DECLARATION BY THE OFFICER

PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **LOW WENG CHEONG**, the officer primarily responsible for the financial management of **SKYWORLD DEVELOPMENT BERHAD** do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

**LOW WENG CHEONG**

(MIA Membership No.: 28892)

Subscribed and solemnly declared by the abovenamed **LOW WENG CHEONG** at **KUALA LUMPUR**, this 11 July 2023

Before me,

**COMMISSIONER FOR OATHS**

# LIST OF GROUP'S TOP 10 PROPERTIES

AS OF 31 MARCH 2023

No.	Location/Address	Land area (sq ft)/ Build up area (sq ft)	Description/ Existing use	Date of Acquisition	Tenure	Net Book Value RM
1.	PT 50177 HS(D) 122337, PT 50179 HS(D) 122339, PT 50180 HS(D) 122340, PT 50181 HS(D) 122341 and PT 50182 HS(D) 122342 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	541,585/-	5 parcels of vacant land	07-Oct-16	Leasehold expiring 2120	188,109,688
2.	PT 50007 HS(D) 123109, PT 50008 HS(D) 123110 and PT 50009 HS(D) 123111 Mukim Ulu Kelang District Kuala Lumpur FT Kuala Lumpur	348,669/-	3 parcels of vacant land	09-Apr-19	Leasehold expiring 2119	171,129,068
3.	PN 52340 Lot 201210 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	256,935/ 40,852	Setapak Sales Gallery and Quality Centre	19-Oct-15	Leasehold expiring 2086	64,069,742
4.	PN 52338 Lot 201208 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	193,298/-	Curvo Residences	11-Apr-14	Leasehold expiring 2086	53,566,197
5.	PT 50176 HS(D) 122336 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	180,768/-	A parcel of vacant land	08-Feb-19	Leasehold expiring 2120	53,383,893
6.	PM 317 Lot 4249 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	413,883/-	A parcel of vacant land	23-Aug-21	Leasehold expiring 2091	46,879,497
7.	PT 50178 HS(D) 122338 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	165,254/-	EdgeWood Residences	07-Oct-16	Leasehold expiring 2120	42,778,275
8.	GM 41056 Lot 481366 Mukim Kuala Lumpur District Kuala Lumpur FT Kuala Lumpur	89,276/-	A parcel of vacant land	10-Mar-22	Freehold	24,508,802
9.	PT 50038 HS(D) 121234 Mukim Kuala Lumpur District Kuala Lumpur FT Kuala Lumpur	211,789/-	A parcel of vacant land	06-Dec-19	Leasehold expiring 2118	21,868,495
10.	PN 53776 Lot 201619 Mukim Setapak District Kuala Lumpur FT Kuala Lumpur	109,652/-	A parcel of vacant land	11-Apr-14	Leasehold expiring 2117	17,411,344

# ANALYSIS OF SHAREHOLDINGS

AS AT 12 JULY 2023

Total Number of Issued Shares	: 1,187,500,000 comprising
	(i) 1,000,000,000 Ordinary Shares
	(ii) 187,500,000 Irredeemable Convertible Preference Shares ("ICPS") (non-listed)
Class of Shares	: (i) Ordinary Shares
	(ii) ICPS (non-listed)
Voting Rights	: (i) One vote per ordinary share held
	(ii) ICPS have no voting rights other than those provided in the Constitution of the Company
No. of Holders	: (i) Ordinary Shares – 5,186
	(ii) ICPS – 4

## DISTRIBUTION SCHEDULE FOR ORDINARY SHARES

Size of Shareholdings	No. of Shareholders	Total Shareholdings	%
Less than 100 shares	1	50	0.000
100 – 1,000 shares	769	419,600	0.042
1,001 – 10,000 shares	2,311	11,502,800	1.150
10,001 – 100,000 shares	1,660	54,372,150	5.437
100,001 to less than 5% of issued shares	443	410,169,769	41.017
5% and above of issued shares	2	523,535,631	52.354
<b>Total</b>	<b>5,186</b>	<b>1,000,000,000</b>	<b>100.000</b>

## SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Datuk Seri Ng Thien Phing	420,777,952	42.077	-	-
Datuk Lam Soo Keong @ Low Soo Keong	102,757,679	10.275	-	-

## DIRECTORS' SHAREHOLDINGS

Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Datuk Seri Ng Thien Phing	420,777,952	42.077	-	-
Datuk Lam Soo Keong @ Low Soo Keong	102,757,679	10.275	-	-
Lee Chee Seng	49,692,369	4.969	-	-
Chan Seng Fatt	-	-	-	-
Ong Soo Chan	100,000	0.010	-	-
Phang Sze Fui	100,000	0.010	-	-
Zalinah Binti A Hamid	-	-	-	-

# ANALYSIS OF SHAREHOLDINGS

AS AT 12 JULY 2023

## 30 LARGEST SHAREHOLDERS AS AT 12 JULY 2023

No.	Name of Shareholders	No. of Shares Held	%
1.	Datuk Seri Ng Thien Phing	420,777,952	42.078
2.	Datuk Lam Soo Keong @ Low Soo Keong	102,757,679	10.276
3.	Lee Chee Seng	49,692,369	4.969
4.	Zafidi Bin Mohamad	37,272,000	3.727
5.	Lembaga Tabung Angkatan Tentera	36,000,000	3.600
6.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah	20,000,000	2.000
7.	Bimsec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account – Sentosa Jaya Capital Sdn Bhd For Koperasi Sentosa Jaya Kuala Lumpur Berhad (MGNM83401)	10,000,000	1.000
8.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Al-Sultan Abdullah Ibni Sultan Haji Ahmad Shah	10,000,000	1.000
9.	Kenanga Investment Bank Berhad – Exempt An For Sentosa Jaya Capital Sdn Bhd	9,678,100	0.968
10.	Amanahraya Trustees Berhad – AC Principal Dali Asia Pacific Equity Growth Fund	8,202,200	0.820
11.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Deutsche Trustees Malaysia Berhad For Hong Leong Dana Makmur	6,000,000	0.600
12.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (PHEIM)	5,467,100	0.547
13.	Citigroup Nominees (Tempatan) Sdn Bhd – Universal Trustee (Malaysia) Berhad For Principal Islamic Lifetime Balanced Fund	4,852,900	0.485
14.	Maybank Nominees (Tempatan) Sdn Bhd – Mtrustee Berhad For Principal Dali Equity Growth Fund (UT-CIMB-Dali) (419455)	4,627,200	0.463
15.	Citigroup Nominees (Tempatan) Sdn Bhd – Universal Trustee (Malaysia) Berhad For Principal Dali Equity Fund	3,910,000	0.391
16.	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Mary Anne Woon Lai Kheng	3,903,900	0.390
17.	Yeo Chwen Shi	3,725,000	0.372
18.	Maybank Nominees (Tempatan) Sdn Bhd – Mtrustee Berhad For Ethereal-Alpha EQ Fund (445329)	3,608,000	0.361
19.	Tin @ Tan Pek-Han	3,125,000	0.312
20.	Bimsec Nominees (Tempatan) Sdn Bhd – Pledged Securities Account – Sentosa Jaya Capital Sdn Bhd For Ahmad Fuad Bin Muhammad Lokman (MGNM83401)	3,000,000	0.300
21.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Neo Ching Yuen	3,000,000	0.300
22.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (CIMB PRIN)	2,908,800	0.291



# ANALYSIS OF SHAREHOLDINGS

AS AT 12 JULY 2023

## 30 LARGEST SHAREHOLDERS AS AT 12 JULY 2023 (CONT'D)

No.	Name of Shareholders	No. of Shares Held	%
23.	Maybank Nominees (Tempatan) Sdn Bhd – Pledged Securities Account For Mohd Razi Bin Jaafar	2,700,000	0.270
24.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad For Dana Makmur PHEIM (211901)	2,676,500	0.268
25.	Leow Eng Hooi	2,500,000	0.250
26.	Lim Aik Fu	2,500,000	0.250
27.	Lim Aik Hoe	2,500,000	0.250
28.	Lim Aik Kiat	2,500,000	0.250
29.	Sea Capital Holdings Sdn. Bhd.	2,500,000	0.250
30.	Tokio Marine Life Insurance Malaysia Bhd – As Beneficial Owner (TMEF)	2,240,000	0.224
<b>Total</b>		<b>772,624,700</b>	<b>77.262</b>

## ICPS HELD BY THE DIRECTORS

Directors	Direct Interest		Indirect Interest	
	No. of ICPS Held	%	No. of ICPS Held	%
Datuk Seri Ng Thien Phing	134,251,455	71.60	-	-
Datuk Lam Soo Keong @ Low Soo Keong	38,711,949	20.65	-	-
Lee Chee Seng	11,536,596	6.15	-	-
Chan Seng Fatt	-	-	-	-
Ong Soo Chan	-	-	-	-
Phang Sze Fui	-	-	-	-
Zalinah Binti A Hamid	-	-	-	-

## ICPS HOLDERS AS AT 12 JULY 2023

No.	Name of ICPS Holders	No. of ICPS Held	%
1.	Datuk Seri Ng Thien Phing	134,251,455	71.600
2.	Datuk Lam Soo Keong @ Low Soo Keong	38,711,949	20.647
3.	Lee Chee Seng	11,536,596	6.153
4.	Zafidi Bin Mohamad	3,000,000	1.600
<b>Total</b>		<b>187,500,000</b>	<b>100.00</b>

# NOTICE OF 2023 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 2023 Annual General Meeting of SkyWorld Development Berhad ("the Company") will be held at **SkyWorld Gallery @ Setapak, Lot 17899, Jalan Ayer Jerneh, Taman Ayer Panas, Setapak, 53200 Kuala Lumpur, Malaysia on Friday, 29 September 2023 at 10.00 a.m.** for the following purposes:

## AGENDA

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon. **(Please refer to the Explanatory Notes to the Agenda)**
2. To approve the payment of Directors' fees up to an aggregate amount of RM504,000 for the period from 1 April 2023 until the next Annual General Meeting of the Company, to be paid monthly in arrears. **(Ordinary Resolution 1)**
3. To approve the payment of Directors' benefits up to an aggregate amount of RM43,000 for the period from 29 September 2023 until the next Annual General Meeting of the Company. **(Ordinary Resolution 2)**
4. To re-elect Mr Lee Chee Seng who is retiring in accordance with Clause 76(3) of the Constitution of the Company. **(Ordinary Resolution 3)**
5. To re-elect the following Directors who are retiring in accordance with Clause 78 of the Constitution of the Company:-
  - (a) Mr Chan Seng Fatt **(Ordinary Resolution 4)**
  - (b) Ms Phang Sze Fui **(Ordinary Resolution 5)**
  - (c) Ms Ong Soo Chan **(Ordinary Resolution 6)**
  - (d) Puan Zalinah Binti A Hamid **(Ordinary Resolution 7)**
6. To re-appoint Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

### AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions, with or without modifications:-

7. **Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016 (Special Resolution)**  
**2016**  
**"THAT** pursuant to Section 85 of the Companies Act 2016 read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to the passing of Ordinary Resolution 9 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016."  
**8. Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (Ordinary Resolution 9)**  
**"THAT** contingent upon the passing of the Special Resolution on waiver of pre-emptive rights under Section 85 of the Companies Act 2016 and pursuant to Sections 75 and 76 of the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the approvals of the relevant regulatory authorities (if any), the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting, at such price, upon such terms and conditions and for such purposes and to such persons whomsoever as the Directors may in their absolute discretion deem fit PROVIDED THAT the aggregate number of shares to be

# NOTICE OF 2023 ANNUAL GENERAL MEETING

issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be authorised to do all such things as they may deem fit and expedient in the best interest of the Company to give effect to the issuance of new shares under this resolution including making such applications to Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company held after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting ("Proposed General Mandate")."

9. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions (Ordinary Resolution 10) of a Revenue or Trading Nature**

**"THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Group be and is hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.4 of the Circular to Shareholders dated 31 July 2023 provided that such transactions are:-

- (a) necessary for the Group's day-to-day operations;
- (b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- (c) not detrimental to the interest of the minority shareholders of the Company.

**THAT** the authority conferred shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company, at which time it will lapse, unless by a resolution passed by the shareholders of the Company in a general meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) the mandate is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

**AND THAT** the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to this resolution."

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

By Order of the Board

**FOO PEI KOON (MAICSA 7067238) (SSM PC NO. 202108000380)**

**TE HOCK WEE (MAICSA 7054787) (SSM PC NO. 202008002124)**

**WONG CHEE WAI (BC/W209) (SSM PC NO. 202108000410)**

Company Secretaries

Kuala Lumpur

31 July 2023

# NOTICE OF 2023 ANNUAL GENERAL MEETING

## NOTES:

1. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 September 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A member of the Company who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the general meeting.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member, an authorised nominee or an exempt authorised nominee appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 2023 Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic means via Tricor TIH Online website at <https://tiah.online>  
Please refer to the Administrative Guide of the 2023 Annual General Meeting for further information on electronic submission of proxy form via TIH Online.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Wednesday, 27 September 2023 at 10.00 a.m.**
11. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - a. Identity card (NRIC) (Malaysian), or
  - b. Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or
  - c. Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 2023 Annual General Meeting will be put to vote by way of poll.

# NOTICE OF 2023 ANNUAL GENERAL MEETING

## EXPLANATORY NOTES TO THE AGENDA

(i) **Item 1 of the Agenda**

**Audited Financial Statements for the financial year ended 31 March 2023**

This item is meant for discussion only. The provision of Section 248(2) and Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such, this agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) **Ordinary Resolution 1**

**Payment of Directors' fees**

The Directors' fees proposed are calculated based on the current board size and assuming that all Independent Non-Executive Directors will hold office until the next Annual General Meeting. This resolution is to facilitate payment of the Directors' fees for the period from 1 April 2023 until the next Annual General Meeting of the Company. In the event the Company appoints additional Non-Executive Directors, approval on additional Directors' fees will be sought at the next Annual General Meeting of the Company.

(iii) **Ordinary Resolution 2**

**Payment of Directors' benefits**

Directors' benefits are meeting allowance payable to Independent Non-Executive Directors and in determining the estimated amount, the Board has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committees for the period from 29 September 2023 until the next Annual General Meeting as well as the number of Independent Non-Executive Directors involved in the meeting. In the event the proposed amount is insufficient (due to more meetings or enlarged board size), approval will be sought at the next Annual General Meeting for the shortfall.

(iv) **Ordinary Resolutions 3 to 7**

**Re-election of Directors**

The following Directors of the Company are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 2023 Annual General Meeting:-

- (i) Mr Lee Chee Seng
- (ii) Mr Chan Seng Fatt
- (iii) Ms Phang Sze Fui
- (iv) Ms Ong Soo Chan
- (v) Puan Zalinah Binti A Hamid

The retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company.

Mr Lee Chee Seng, the Chief Executive Officer shows exemplary leadership and has contributed significantly to the Group by providing valuable input to steer the Group forward.

The four Independent Non-Executive Directors – Mr Chan Seng Fatt, Ms Phang Sze Fui, Ms Ong Soo Chan and Puan Zalinah Binti A Hamid were appointed to the Board on 23 September 2022. The legal adviser had conducted an in-depth assessment and due diligence such as interview sessions, solvency and company searches and etc. before they were appointed to the Board.

The Nomination & Remuneration Committee ("NRC") had also considered the criteria as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment as well as fit and proper assessment. The NRC concludes that the retiring Directors possess relevant mix of experience, skills, industry knowledge and expertise that is beneficial to the Company and they met the fit and proper criteria as stated in the Directors' Fit and Proper Policy in discharging their roles and responsibilities.

(v) **Ordinary Resolution 8**

**Re-appointment of Auditors**

The Board had, through the Audit & Risk Management Committee, considered the re-appointment of Deloitte PLT as Auditors of the Company. The factors considered by the Audit & Risk Management Committee in making the recommendation to the Board to table their re-appointment at the 2023 Annual General Meeting are disclosed in the 2023 Annual Report.

(vi) **Special Resolution**

**Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016**

This Special Resolution is pertaining to the waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. This Special Resolution, if passed, would allow the Directors to issue new shares to any person under the Proposed General Mandate without having to offer the new shares to be issued equally to all existing shareholders of the Company prior to issuance.

# NOTICE OF 2023 ANNUAL GENERAL MEETING

(vii) **Ordinary Resolution 9**

**Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016**

This proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares 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 will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier.

The mandate is to provide flexibility to the Company to issue new securities for any possible fund-raising activities including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings and/or acquisitions without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

This is the first general mandate to be sought by the Company since listing on the Main Market of Bursa Malaysia Securities Berhad on 10 July 2023.

(viii) **Ordinary Resolution 10**

**Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

This proposed resolution, if passed, will allow the Group to enter into recurrent related party transactions of a revenue or trading nature with its related parties as identified in Section 2.4 of the Circular to Shareholders dated 31 July 2023 in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad without the necessity to convene separate general meetings to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company and is subject to renewal on an annual basis. Further details relating to this proposed resolution are set out in the Circular to Shareholders dated 31 July 2023, which is available at the Company's website at <https://www.skyworldgroup.com.my/investor-relations>.

**Personal data privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



**SKYWORLD DEVELOPMENT BERHAD**Registration No. 200601034211 (753970-X)  
(Incorporated in Malaysia)**PROXY FORM**

CDS ACCOUNT NO.

NO. OF SHARES HELD

I/We \_\_\_\_\_ Tel: \_\_\_\_\_

[Full name in block, MyKad/Passport/Company No.]

of \_\_\_\_\_

(Full Address)

being a Member of the abovenamed Company, hereby appoint the following person(s):

Full Name (in Block Letters)	MyKad/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

and

Full Name (in Block Letters)	MyKad/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

or failing him/her, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the 2023 Annual General Meeting of SkyWorld Development Berhad ("the Company") which will be held at **SkyWorld Gallery @ Setapak, Lot 17899, Jalan Ayer Jerneh, Taman Ayer Panas, Setapak, 53200 Kuala Lumpur, Malaysia on Friday, 29 September 2023 at 10.00 a.m.** or at any adjournment thereof, and to vote as indicated below.

\*My/Our proxy(ies)\* is/are to vote as indicated hereunder:

Description of Resolution	Resolution	For	Against
To approve the payment of Directors' fees up to an aggregate amount of RM504,000 for the period from 1 April 2023 until the next Annual General Meeting of the Company, to be paid monthly in arrears.	Ordinary Resolution 1		
To approve the payment of Directors' benefits up to an aggregate amount of RM43,000 for the period from 29 September 2023 until the next Annual General Meeting of the Company.	Ordinary Resolution 2		
To re-elect Mr Lee Chee Seng as Director.	Ordinary Resolution 3		
To re-elect Mr Chan Seng Fatt as Director.	Ordinary Resolution 4		
To re-elect Ms Phang Sze Fui as Director.	Ordinary Resolution 5		
To re-elect Ms Ong Soo Chan as Director.	Ordinary Resolution 6		
To re-elect Puan Zalinah Binti A Hamid as Director.	Ordinary Resolution 7		
To re-appoint Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 8		
Waiver of Pre-emptive Rights pursuant to Section 85 of the Companies Act 2016.	Special Resolution		
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 9		
Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 10		

(Please indicate with "X" how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from so doing at his/her discretion.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Signature  
Member

\* Manner of execution:

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:

(i) at least two (2) authorised officers, one of whom shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**NOTES:**

1. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 21 September 2023. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
2. A member of the Company who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than 2 proxies to attend, participate, speak and vote instead of the member at the general meeting.
4. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
6. Where a member, an authorised nominee or an exempt authorised nominee appoints more than 1 proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the 2023 Annual General Meeting or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - (ii) By electronic means via Tricor TIH Online website at <https://tih.online>  
Please refer to the Administrative Guide of the 2023 Annual General Meeting for further information on electronic submission of proxy form via TIH Online.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Wednesday, 27 September 2023 at 10.00 a.m.**
11. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
  - a. Identity card (NRIC) (Malaysian), or
  - b. Police report (for loss of NRIC)/Temporary NRIC (Malaysian), or
  - c. Passport (Foreigner).
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 2023 Annual General Meeting will be put to vote by way of poll.

The Share Registrar

**SKYWORLD DEVELOPMENT BERHAD**

Registration No. 200601034211 (753970-X)  
(Incorporated in Malaysia)

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

AFFIX  
STAMP

[www.skyworldgroup.com.my](http://www.skyworldgroup.com.my)

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