PGB

• PROPERTY DEVELOPMENT • CONSTRUCTION • INVESTMENTS

RIDING THE WAVES OF CHANGE

ANNUAL REPORT

2023

WHAT'S INSIDE

OUR VISION

To be a renowned property developer that deliver innovative, excellence and quality products with positive economic, social and environmental impact through responsible actions and sustainable management to safeguard the interests of all stakeholders.

OUR MISSION

- We are committed to be the leading developer across the industrial and commercial sector by providing innovative, excellence and quality development that strive to exceed the expectation and meet the evolving needs of our customers, and thereby achieve the sustainability of returns which creating the long-term values for all stakeholders.

- We perform our best to safeguard and build a sustainable environment by continuously seeking improvement and implement solution to the environmental concern.

- We aim to cultivate an energetic, positive, motivating and results-driven working environment for our employees to best unleash their individual potential ability, growth and enhancing overall organisational capability to drive successful execution of corporate strategy over the long term.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Sri Edwin Tan Pei Seng
Executive Chairman

Dato' Sri Godwin Tan Pei Poh
Group Executive Director

Mdm. Leong Siew Foong
Executive Director

Dato' Haji Ismail Bin Karim
Independent Non-Executive Director

Mr. Tee Boon Hin
Senior Independent Non-Executive Director

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
Independent Non-Executive Director

Dato' Jeffrey Lai Jiun Jye
Non-Independent Non-Executive Director

AUDIT COMMITTEE
- Mr. Tee Boon Hin (Chairman)
- Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
- Dato' Haji Ismail Bin Karim

NOMINATION COMMITTEE
- Dato' Haji Ismail Bin Karim (Chairman)
- Mr. Tee Boon Hin
- Dato' Jeffrey Lai Jiun Jye

REMUNERATION COMMITTEE
- Mr. Tee Boon Hin (Chairman)
- Dato' Jeffrey Lai Jiun Jye
- Dato' Haji Ismail Bin Karim

RISK MANAGEMENT COMMITTEE
- Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar (Chairman)
- Dato' Haji Ismail Bin Karim
- Mr. Tee Boon Hin

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. Tee Boon Hin
Tel: (07) 278 6668

COMPANY SECRETARIES
- Leong Siew Foong
  MAICSA 7007572
  CCM PC No.: 202008001117
- Santhi A/P Saminathan
  MAICSA 7069709
  CCM PC No.: 201908002933
  (Resigned w.e.f
  30 September 2022)

REGISTERED OFFICE
Level 10-02, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor
Tel: (07) 278 6668
Fax: (07) 278 6666
Email: **enquiry@pgbgroup.com.my**
Website: **www.pgbgroup.com.my**

PRINCIPAL PLACE OF BUSINESS
Level 10-02, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor

PRINCIPAL BANKERS
- Malayan Banking Berhad
- CIMB Bank Berhad
- Al-Rajhi Bank

AUDITORS
BDO PLT
(LLP0018825-LCA & AF0206)
(Chartered Accountants)
Suite 18-04, Level 18, Menara Zurich,
No. 15, Jalan Dato' Abdullah Tahir,
80300 Johor Bahru, Johor
Tel: (07) 331 9815
Fax: (07) 331 9817

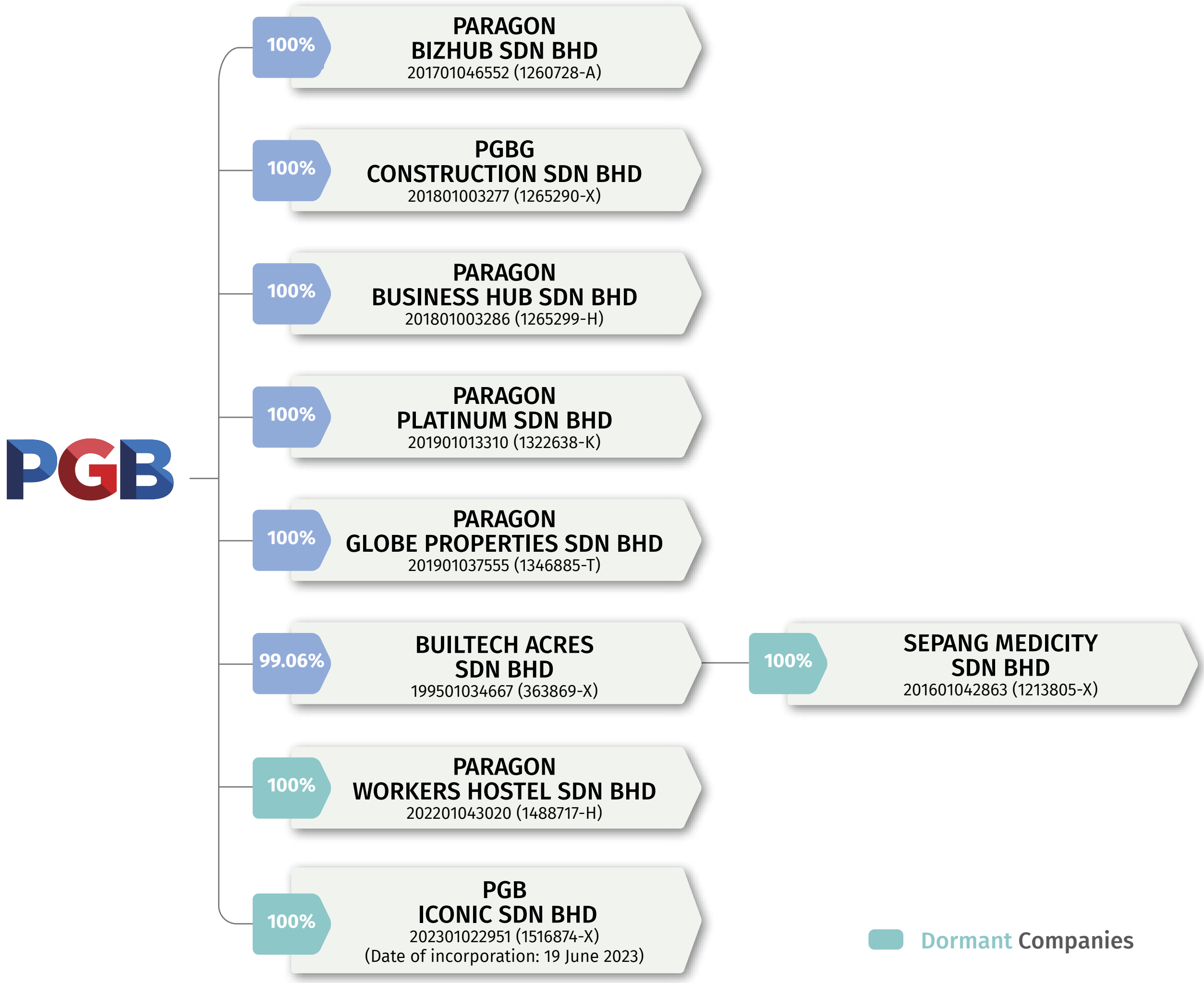
SHARE REGISTRARS
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Registration No. 197101000970 (11324-H)

Office:
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel: (03) 2783 9299
Fax: (03) 2783 9222
Email: **is.enquiry@my.tricorglobal.com**

Customer Service Centre:
Unit G-3, Ground Floor,
Vertical Podium, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Main Market
Stock Name: PGLOBE
Stock Code: 3611

CORPORATE STRUCTURE



BOARD OF DIRECTORS' PROFILE

AGE
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NATIONALITY

GENDER
MALE

DATE OF APPOINTMENT
27 OCTOBER 2017

Dato' Sri Edwin Tan Pei Seng

Executive Chairman

Dato' Sri Edwin Tan Pei Seng was appointed to the Board of Paragon Globe Berhad on 27 October 2017. He holds a Bachelor of Commerce in Finance and E-Commerce Management from Deakin University, Melbourne, Australia. Starting his career as Financial Executive upon graduation, he quickly progressed to the position Financial Controller and subsequently served as Executive Director in various private companies involved in hospitality, investment holding, property development and other sectors.

He is actively involved in diverse development projects in Johor Bahru. These include the development of industrial project comprising 32 units of semi-detached factories known as Bizhub Skudai 8, as well as residential projects such as Paragon Residences and Paragon Suites, luxurious serviced apartment in Johor Bahru. Additionally, he played a role in the establishment and full commencement of Paragon Private and International School in January 2017.

Dato' Sri Edwin Tan received recognition as one of the 100 most influential Young Entrepreneurs in 2016. Additionally, he was honored with the Young Entrepreneurs Super Model Awards 2022 by the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM"). Furthermore, he was distinguished as the Johor Bahru Chinese Chamber of Commerce & Industry ("JBCCCI") Honorary Life President.

In his role as the Executive Chairman of Paragon Globe Berhad, he formulates and implements company policies, direct the Company's strategy towards profitable growth and ensures adequate operational planning while closely monitoring operating and financial results.

He does not hold any Directorship in other public companies.

He is the brother to Dato' Sri Godwin Tan, who serve as the Group Executive Director. Both are the directors and shareholders of the ultimate holding company Paragon Adventure Sdn Bhd. Except for the aforementioned relationship, he has no family ties with other Directors and major/substantial shareholders of Paragon Globe Berhad.

He does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all of the Board Meetings held during the financial year ended 31 March 2023.

BOARD OF DIRECTORS' PROFILE (continued)

AGE
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NATIONALITY

GENDER
MALE

DATE OF APPOINTMENT
27 OCTOBER 2017

Dato' Sri Godwin Tan Pei Poh

Group Executive Director

Dato' Sri Godwin Tan Pei Poh was appointed to the Board of Paragon Globe Berhad on 27 October 2017. He holds a Bachelor of Science in Business Administration from Alliant International University, San Diego, California. Starting his career as Management Trainee upon graduation, he steadily advanced to the position Executive Director in various private companies.

In collaboration with his brother, Dato' Sri Edwin Tan, he also ventured into the residential development sector with projects such as Paragon Residences and Paragon Suites, luxurious serviced apartment in Johor Bahru. Additionally, he played a key role in the establishment and full commencement of Paragon Private and International school, which began its operation in January 2017.

Dato' Sri Godwin Tan also actively participated in the management of Paragon Market Place, a retail mall located in Johor Bahru. Furthermore, he has successfully concluded collaboration with Selgate Healthcare Sdn Bhd for the development of healthcare business.

As the Group Executive Director, he is responsible for overseeing the administration and strategic plan that guides the direction of the organisation. This includes managing marketing efforts, operational planning, financial planning and overall management.

He does not hold any Directorship in other public companies.

He is the brother to Dato' Sri Edwin Tan, who serve as the Executive Chairman. Both are the directors and shareholders of the ultimate holding company Paragon Adventure Sdn Bhd. Except for the aforementioned relationship, he has no family ties with other Directors and major/substantial shareholders of Paragon Globe Berhad.

He does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all of the Board Meetings held during the financial year ended 31 March 2023.

BOARD OF DIRECTORS' PROFILE (continued)

AGE
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NATIONALITY

GENDER
FEMALE

DATE OF APPOINTMENT
16 JUNE 2022

Mdm. Leong Siew Foong

Executive Director

Mdm. Leong Siew Foong was appointed as an Executive Director of the Company on 16 June 2022. She graduated from TAR UC with a Diploma in Commerce (Business Management) and graduated from The Institute of Chartered Secretaries & Administrators, U.K. in 1990 and 1992 respectively. She is a Chartered Secretary with the Institute of Chartered Secretaries & Administrators, U.K. (A.C.I.S.) and a member of MAICSA since 1994.

She has garnered more than 32 years of working experience in secretarial industry. She started her career in a renowned corporate secretarial firm and has extensive experience in corporate secretarial and operational management. She is responsible to developing and implementing the Group's policies and strategies in terms of corporate governance and securities regulatory compliance.

She does not hold any Directorship in other public companies.

She does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. She has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. She attended all of the Board Meetings held after her appointment to the Board for the financial year ended 31 March 2023.

BOARD OF DIRECTORS' PROFILE (continued)

AGE
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NATIONALITY

GENDER
MALE

DATE OF APPOINTMENT
27 NOVEMBER 2017

Dato' Haji Ismail Bin Karim

Independent Non-Executive Director

Dato' Haji Ismail Bin Karim was appointed as an Independent Non-Executive Director of the Company on 27 November 2017. He was also appointed as Chairman of the Nomination Committee and a member of the Audit Committee, Risk Management Committee and Remuneration Committee.

Dato' Ismail graduated from Universiti Kebangsaan Malaysia with a Diploma in Education and Bachelor of Arts with Honours (History). He has held many key positions in governmental agencies and has many years of experience in various aspects including Johor Land Office, Johor State Economic Planning Unit, Johor State Secretary Office and Johor State Islamic Religious Department. He had served Johor Civil Service for over 35 years prior to his retirement as Johor State Secretary on 31 December 2016.

He is a President of the Johor State Football Association and Treasurer of Football Association Malaysia. He also sits on the Board of Tunku Laksamana Johor Cancer Foundation.

Currently, he serves as an Independent Non-Executive Director on the Board of Directors of Dialog Group Berhad. Additionally, he was appointed as an Independent Non-Executive Director of BCB Berhad on 15 July 2022 and sits on the Board of Directors of UTM Holdings Sdn Bhd on 1 July 2023.

He does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all of the Board Meetings held during the financial year ended 31 March 2023.

BOARD OF DIRECTORS' PROFILE (continued)

AGE
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NATIONALITY


GENDER
MALE

DATE OF APPOINTMENT
27 OCTOBER 2017

Mr. Tee Boon Hin

Senior Independent Non-Executive Director

Mr. Tee Boon Hin was appointed to the Board of Paragon Globe Berhad on 27 October 2017. He was also appointed as the Chairman of the Audit Committee and Remuneration Committee on 27 November 2017. He is also a member of Risk Management Committee and Nomination Committee of the Company.

Mr. Tee is an Approved Tax Agent and Approved Company Auditor. He graduated with a Bachelor of Commerce Degree from the University of Canterbury, New Zealand. He was trained and qualified as a Chartered Accountant with international firm, KMG Kendons in New Zealand where he received extensive experience in audit of Trusts and retail industry. His professional journey continued in an international firm, BDO Hogg Young Cathie in New Zealand which he gained substantial exposure to hospitality industry. Subsequently he joined Price Waterhouse Malaysia where he gained further experience in corporate advisory services.

In 1993, he commenced public practice under the name of Tee & Partners providing audit, tax and corporate advisory services. He also specialises in financial modelling and managing tax risk for small and medium sized-enterprises in property development, construction and retail sectors.

Currently he sits on the Board of Directors of multiple private companies. On 18 May 2023, he retired as a Senior Independent Non-Executive Director from the Board of Directors of Ge-Shen Corporation Berhad, where he had been serving since his initial appointment on 20 April 2009. Previously, he served as an Independent Non-Executive Director on the Board of Directors of Focal Aims Holdings Berhad (now known as Eco World Development Group Berhad) from 9 November 1999 to 23 November 2013 and also held the role of former alternate Director of Al-Ikhsan Sports Sdn Bhd.

He does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all of the Board Meetings held during the financial year ended 31 March 2023.

BOARD OF DIRECTORS' PROFILE (continued)

AGE
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NATIONALITY

GENDER
MALE

DATE OF APPOINTMENT
27 NOVEMBER 2017

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar

Independent Non-Executive Director

Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar was appointed as an Independent Non-Executive Director of the Company on 27 November 2017. He was also appointed as Chairman of the Risk Management Committee and a member of the Audit Committee.

He holds a Bachelor of Economics with University Malaya, a Postgraduate Diploma in Computer Science with Malaysia University of Technology, and Master of Taxation and Doctor of Public Administration at the Golden Gate University, United State America. He also received an Honorary Doctor of Management from UNITEN and Asia Metropolitan University; appointed the Adjunct Professor of various universities.

He started his career as a Bank Officer in 1978; a year later he took a leap to work with the Inland Revenue Board of Malaysia (IRBM) as Assessment Officer. He was then rose through the ranks in IRBM, being appointed Deputy CEO of Compliance, Deputy CEO of Operations, and CEO in January 2011 until his retirement in December 2016.

Throughout the years, he received many accolades and awards, he was elected President of the Malaysian Association of Statutory Bodies and Chairman of The Commonwealth Association of Tax Administrations (CATA); and was awarded the CEO of the Year 2015 by The European Emerging Markets Awards and received the 2015 Lifetime Achievement Award-Outstanding Contribution in Shaping People by the Asia HRD Award.

Equipped with 37 years of vast experience both in taxation and management throughout his tenureship with IRBM, he now leads his own Tax and Management firm known as MSM Management Advisory. With his continuous engagement in the tax related field, he was subsequently appointed as the Chairman of McMillan Woods National Tax Firm, Chairman of the Board of Directors of Universiti Utara Malaysia, and Chairman of Uniutama Education and Consultancy (up to December 2018). He also sits on the Board of Directors of Uniutama Management Holdings (up to December 2018), and Prokhas, a private limited company wholly-owned by Minister of Finance (up to September 2019), a Partner of YYC Advisors, an Advisor to Century Software (Malaysia) Sdn Bhd. He is also a Board of Trustee at Yayasan Tenaga Nasional, a Partner of YYC Advisors (up to August 2019), and an Advisor to Century Software (Malaysia) Sdn Bhd. He has also been appointed as Board of Director of Inland Revenue Board of Malaysia with effective from 1 August 2021.

Currently, he serves as an Independent Non-Executive Director on the Board of Directors of Censof Holdings Berhad and Minda Global Berhad. Additionally, in April 2023, he was appointed as an Independent Non-Executive Director of Ann Joo Resources Berhad.

He does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all of the Board Meetings held during the financial year ended 31 March 2023.

BOARD OF DIRECTORS' PROFILE (continued)

AGE
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NATIONALITY

GENDER
MALE

DATE OF APPOINTMENT
1 FEBRUARY 2019

Dato' Jeffrey Lai Jiun Jye

Non-Independent Non-Executive Director

Dato' Jeffrey Lai Jiun Jye was appointed as a Non-Independent Non-Executive Director of the Company on 1 February 2019. He is also a member of the Nomination Committee and Remuneration Committee.

Dato' Jeffrey Lai graduated from Lincoln University, New Zealand with a Bachelor of Commerce and Management. He assumed the position as the Director in JB Paper Carton Sdn Bhd and JBP Packaging and Hardware Enterprise upon his graduation in year 2000.

From 2014 onwards, Dato' Jeffrey Lai has been appointed as the Executive Director of Kuopacific Malaysia Sdn Bhd. Kuopacific Malaysia Sdn Bhd is mainly involved in M&E Engineering, ELV Solutions, ICT Solutions, Data Center Solution, Education, Property Investment and Development, Retail Mall Management, Medical, F&B, Waste Management and Agriculture.

He is also Director and Chief Executive Officer ("CEO") of Paragon Private and International School located in Johor Bahru, Malaysia. Paragon Private and International School was awarded for The Best Performance in newly set-up school by Lang International Corporate Titan Awards in 2018. He was also awarded for Best Intelligent Figures Brands Award 2021 (Top15) by China Press and National Consumer Action Council (MTPN).

Dato' Jeffrey was appointed as an Executive Director of Cabnet Holdings Berhad ("CHB") on 3 September 2019. Subsequently, he was appointed as CEO of CHB on 1 June 2022.

Dato Jeffrey is actively involved with the Associated Chinese Chamber of Commerce and Industry of Malaysia and held the following positions:

1. Vice Chairman of Young Entrepreneurs Committee, The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM), 2021-2024
2. Chairman of Young Entrepreneurs Committee, Johor Associated Chinese Chambers of Commerce and Industry (JACCCI), 2021-2024
3. 3rd Vice President cum Chairman, Youth Committee, Johor Bahru Chinese Chamber of Commerce and Industry (JBCCCI), 2021-2023

He does not have any conflict of interest with the Company other than, if any, set out in the Statement on Additional Compliance Information and/or the Financial Statement for the year ended 31 March 2023. He has no convictions for offences within the past five years other than traffic offences, if any and no public sanction or penalty imposed by the relevant regulatory bodies during the financial year. He attended all of the Board Meetings held during the financial year ended 31 March 2023.

PROFILE OF KEY SENIOR MANAGEMENT

Eileen Tey Yee Lin

Finance Director

Nationality: Malaysian

Age: 41

Gender: Female

Date of Appointment: 1 November 2017

Ms. Eileen Tey Yee Lin joined the Company as Finance Director on 1 November 2017. In her role, she is responsible for overseeing the Accounting & Financing Department of the Group and actively participate in various corporate exercises such as group restructuring, funds raising and joint ventures.

She is a member of the Malaysian Institute of Accountants ("MIA") and a Fellow member of the Association of Chartered Certified Accountants ("FCCA"), United Kingdom. She graduted from Multimedia University, where she obtained a Bachelor of Accounting (Honours) degree.

Ms. Eileen has extensive experience in auditing, tax and financial related work. She began her career as an audit assistant at Ernst & Young and steadily progressed to the position of Audit Senior Manager. Her professional portfolio encompasses both public listed and private companies from various industries.

Prior to joining the Group, she serves as the Group Assistant Financial Controller at Joland Group of Companies for a tenure of three years. In this capacity, she held the responsibility for the financial management and management reporting affairs.

Tan Hui Boon

Senior General Manager &
Director for all of the subsidiaries of Paragon Globe Berhad

Nationality: Malaysian

Age: 66

Gender: Male

Date of Appointment: 1 December 2017

Mr. Tan Hui Boon joined the Company as Senior General Manager on 1 December 2017. He was subsequently appointed as an Executive Director for PGBG Construction Sdn Bhd, Paragon Workers Hostel Sdn Bhd, Paragon Globe Properties Sdn Bhd, and all other subsidiaries of the Company on 1 December 2020, 17 November 2022, 1 December 2022, and 19 October 2022, respectively.

His involvement in the construction industry began soon after he completed his High School Certificate at the English College, Johor Bahru in 1978. In July 1991, he earned the National Certificate in Construction Supervision, which was conducted by Singapore Polytechnic.

Mr. Tan gained valuable industry experience as Senior Site Superior during his employment at IJM Corporation Berhad from May 1981 to July 1993. In October 1993, he joined Joland Group as the General Manager.

With over 40 years of experience in the construction and project management, Mr. Tan has successfully overseen various projects, including landed and high-rise residential developments, hospitality, healthcare, industrial, education and infrastructure projects in Malaysia and Singapore. Additionally, on 20 August 2019, he became a registered Property Manager with Lembaga Penilai, Pentaksir, Ejen Harta Tanah & Pengurus Harta Malaysia.

PROFILE OF KEY SENIOR MANAGEMENT (continued)

Chew Sai Ping
Project Director

Nationality: Malaysian

Age: 52

Gender: Female

Date of Appointment: 12 September 2022

Ms. Chew Sai Ping joined the Company as Project Director on 12 September 2022. In her role, she is responsible for overseeing the Project Department of the Company and actively participate in the planning and pre-development of the Group's projects.

She graduated with BSC (Hons) Degree from University of Greenwich, UK, in 1996. She has 25 years' experience in property developer and construction industry. She started her career in 1997 as Contract Manager of a construction company before transitioning to a property development company in 2010.

Her portfolio encompasses a wide range of projects, including mixed developments, high rise developments, landed housing developments and industrial developments.

Directorship in Public Companies and Listed Issuers

None of the Key Senior Management Personnel holds any Directorship in other public companies.

Family relationship with any Director and/or substantial shareholders

Mr. Tan Hui Boon is the relative to Dato' Sri Edwin Tan and Dato' Sri Godwin Tan. Save as disclosure above, none of the Key Senior Management Personnel has any family relationship with the Directors and/or substantial shareholders of the Group.

Conflict of Interest

None of the Key Senior Management Personnel has any conflict of interest with the Group.

Convictions for Offences

None of the Key Senior Management Personnel has been convicted of any offence within the past five years other than traffic offences and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 31 March 2023.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of the Management and Board of Directors ("the Board"), I am pleased to present to you the Annual Report and Audited Financial Statements of Paragon Globe Berhad ("PGB" or "the Group") for the financial year ended 31 March 2023 ("FY2023").

Dato' Sri Edwin Tan Pei Seng
Executive Chairman

FY2023 marked a pivotal shift as the world transitioned from the pandemic into the endemic phase of COVID-19. The after effects of the pandemic have resonated throughout the economy, generating a profound transformation in the way businesses operate and markets behave.

As we navigate this altered terrain, it is essential to recognise the perseverance and adaptability that has carried us through the past year. This period has underscored the resilience and resourcefulness of our sector, even as we navigated a landscape reshaped by the unprecedented global health crisis and its economic fallout.

Throughout these challenges, PGB's unwavering focus has been on ensuring the safety of our employees, contractors, and customers while adjusting our strategies to protect our financial health and shareholder value.

We welcomed the Malaysian government's recovery initiatives, which included numerous stimulus packages aimed at revitalising the property market.

Our commitment to design innovation and sustainability remains unwavering as we develop commercial and industrial properties that mirror the evolving demands and trends.

With the easing of pandemic restrictions, we saw an improvement in consumer sentiment and business activities even as the industry dynamics are being reshaped to the new normal. However, the industry landscape faced challenges amid significant global economic shifts.

In fact, May 2022 marked the end of Malaysia's low-interest rate era as the Monetary Policy Committee ("MPC") of Bank Negara Malaysia ("BNM") increased the Overnight Policy Rate ("OPR") by 25 basis points to 2.00%.

CHAIRMAN'S STATEMENT (continued)

By May 2023, the OPR had reached 3.00%. This vital step maintained economic stability but introduced additional challenges, as rising interest rates could dampen global economic growth, complicating business operations, including the property sector.

Inflation and escalating interest rates have strained potential customers' purchasing power, a factor compounded by industry pressures such as oversupply and declining affordability. Additionally, a post-COVID recovery in the property development and construction industry has been further challenged by raw materials and labour shortages.

Despite these uncertainties, PGB remains determined to transform these risks into opportunities, keeping sustainability and long-term value creation for our stakeholders at the heart of our mission. The recent easing of inflation in major economies due to monetary policy tightening is encouraging.

As we navigate this new era, we acknowledge the potential opportunities inherent in these challenges. With strategic planning, unwavering determination, and commitment to our values, we are confident that we will be successful in managing these complexities and delivering long-term values to our shareholders.

CORPORATE DEVELOPMENT

Despite prevailing market headwinds, the Group's resilience was buoyed by the ongoing commercial development of the Pekan Nenas Industrial Park project in the established townships of Johor.

Situated in a strategic location adjacent to the Skudai-Pontian Highway and conveniently accessible via the North-South Expressway and Coastal Highway, the development of Pekan Nenas Industrial Park aims to offer commercial property with unparalleled business potential to discerning investors and business proprietors.

The demand for our commercial property is reflected by the strong take-up rate of Pekan Sentral Phase 1 and Phase 2, which reached 83.04% and 89.13%, respectively, as of 31 March 2023. This was mainly due to the Group's strategic marketing initiatives coupled with the reopening of the economy in Malaysia. In line with the resilient demand for our existing developments in Pekan Nenas Industrial Park, the Group had been planning to launch Pekan Sentral Phase 3 in the near future.

Aside from that, PGB has been proactively on the lookout for opportunities in the market to build its landbank in response to the recovery of the property market. Throughout FY2023, the Group has entered into a series of landbank acquisitions as part of its strategic roadmap to increase its landbank in Johor Bahru, seize opportunities for future developments, enhance its property development portfolio and capitalise on the potential for long-term growth and profitability in the market.

CHAIRMAN'S STATEMENT (continued)

On 24 June 2022, Paragon Platinum Sdn Bhd ("PPSB"), a wholly-owned subsidiary of PGB, signed three Sale and Purchase Agreements ("SPAs") with the vendors, Singaporeans Lim Thiam Seng and Lim Yok Sing, as well as the two companies linked to them, Eng Foo (Lim) Enterprise Sdn Bhd and Heng Foo Lim Enterprise Sdn Bhd, for the proposed acquisition of three pieces of freehold agriculture land located in Mukim of Plentong, Johor Bahru, measuring approximately 26.84 acres for a total purchase consideration of RM38.08 million.

PGB has acquired these new plots of lands, earmarked for future development projects. This land bank accumulation serves as a strategic move to facilitate swift and efficient capitalisation on market recovery in the future.

This was followed by another proposal in November 2022 to acquire two pieces of freehold agriculture land, both located in the Mukim of Plentong, Johor Bahru, measuring 104.50 acres and 9.75 acres, for a total purchase consideration of RM71.50 million and RM9.52 million respectively.

The proposed acquisition is expected to allow PGB to create greater economic value for the Group and increase its earnings potential over the medium to long term. Aside from that, the total purchase consideration of RM81.02 million represents a discount of about 4.68% to the market value of the land of RM85.0 million. Subsequent to FY2023, one of the transactions has been completed, while another transaction has yet to be completed.

The two lands are strategic as matured industrial developments within the Taman Desa Cemerlang area such as Cemerlang Industrial Park, Frontier Industrial Park, Tropika Industrial Park, CoHarves Industrial Park, and Desa 88 surround them.

This allowed PGB to propose an industrial development at the two plots of land for 171 units of industrial properties and one hostel comprising 130 units with three rooms per unit to accommodate up to 1,950 workers. The proposed development has a GDV that ranges from RM652.00 million to RM686.80 million.

Meanwhile, on 17 November 2022, Paragon Globe Properties Sdn Bhd ("PGPSB"), a wholly-owned subsidiary of PGB, completed the acquisition of freehold land in Mukim Pulai, Daerah Johor Bahru, measuring 31.10 acres, for a total of RM60.96 million. Initially announced in December 2019, the Group is currently planning the launch of a well-conceptualised commercial development on this land.

The Group is also actively involved in the development of Sepang Medical Centre, a 121 beds private hospital which is to be built on 7.07 acres of land located in District of Sepang, State of Selangor. The construction of the private hospital commenced on November 2022.

Recent increased spending in the healthcare and wellness sector and the growing demand for healthcare services have encouraged the Group to venture into this industry. The Group diversified into the healthcare industry as a property developer, building the hospital and leasing it to be operated by Selgate Healthcare Sdn Bhd, a subsidiary of Selgate Corporation Sdn Bhd, a wholly owned subsidiary of Perbandaran Kemajuan Negeri Selangor (“PKNS”). This strategic move enables PGB to generate consistent and reliable rental incomes, ensuring a stable stream of revenue.

This was in line with the Memorandum of Understanding ("MOU") that was entered into by the Group with Selgate Properties Sdn Bhd ("Selgate Properties"). As of 31 March 2023, the progress of the project is at 13.00%, slightly ahead of the schedule for the project.

The Group remains committed to enhancing its value proposition as a growth-centric property developer, considering the evolving market landscape and emerging opportunities in the post-COVID era.

The Group is positioned to ensure successful project completion without compromising quality while improving operational efficiency through judicious management of existing and future development projects. The Group will generate sustainable long-term values for its shareholders by identifying and capitalising on these new opportunities.

CHAIRMAN'S STATEMENT (continued)

FINANCIAL REVIEW

FY2023 was marked by a significant threefold increase in net profit to RM3.96 million, from RM1.16 million in FY2022, mainly due to fair value gains from our investment properties. However, revenue experienced a 13.13% decline to RM47.63 million from RM54.83 million during the same period. Our key revenue source continues to be sales from completed projects in Pekan Nenas, Johor. Despite the revenue drop, the substantial profit increase demonstrates our investment strategies' effectiveness.

In line with the stronger financial performance in FY2023, the financial position of the Group also improved as total assets grew by 17.44% to RM366.16 million as compared to RM311.79 million in FY2022. Meanwhile, net asset per share remained stable at RM0.40 per share in FY2023.

A more detailed review of the Group's performance is covered under the section on "Management Discussion and Analysis" in this Annual Report.

REVENUE

RM47.63million

NET PROFIT

RM3.96million

TOTAL ASSETS

RM366.16million

PROSPECTS AND OUTLOOK

In the 1Q 2023, Malaysia's economy recorded a better-than-expected expansion of 5.6%, driven mainly by private sector expenditure. During a press conference, BNM governor Tan Sri Nor Shamsiah Mohd Yunus said the factors supporting growth in the 1Q 2023 include further expansion of household spending, continued investment activity, improving labour market and higher tourism activities.

The central bank has maintained its economic growth forecast for Malaysia at 4.0% to 5.0% in 2023 as growth is likely to be anchored by firm domestic demand despite a challenging global environment. Furthermore, the reopening of the economy and international borders has helped the property market to recover gradually, while improvement in the labour market also has a positive impact on the overall economic outlook.

The Group is cautiously optimistic that the global and domestic economic outlook will improve as we move into the endemic phase of COVID-19. China, a key player in the global economy, is also anticipated to witness a gradual improvement in growth, which will have a positive spillover effect on both the global and Malaysia's economic outlook. In this landscape, we see growth opportunities amid the property sector's recovery.

However, several challenges remain on both the global and domestic front. Persistent inflation, primarily resulting from extensive stimulus measures during the pandemic, is a major concern. In tandem, potential increases in interest rates by central banks could slow economic growth.

Moreover, the shortages of raw materials and labour, and fallouts from the pandemic disruptions, are other key challenges that could impact the pace of economic recovery.

Despite these challenges, our Group remains proactive and adaptive. We plan to actively promote the sale of existing projects, leveraging the steady demand for our current developments.

Furthermore, we are prepared to roll out new phases in the near future as we continue to ride the wave of economic recovery. In response to the prevailing labour shortage, we also plan to introduce an innovative solution in the form of an affordable workers' hostel. This project aims to centralise all foreign workers in one major industrial location, thus addressing workforce challenges while also tapping into new avenues for growth.

Aside from that, the Group has proactively identified and pursued new business opportunities within our core business areas. In line with this, we have recently embarked on diversifying our operations by entering into the development and construction of Sepang Medical Centre, a private hospital with 121 beds. As part of this collaboration, the Group will build the hospital and lease it to Selgate Healthcare, which is an indirect wholly-owned subsidiary of PKNS. This strategic move allows PGB to generate a steady and recurring revenue through its rental income without delving into the complexities of the healthcare industry.

Overall, the management will work closely with the Board to evaluate all potential new business and investment opportunities that arise amid the changes in market trends and customers' demands. By focusing on the Group's mission to add value for all our stakeholders, we will explore and evaluate favourable land deals, viable joint venture opportunities and other strategic collaborations that will put us on a path to sustainable growth and profitability.

CHAIRMAN'S STATEMENT (continued)

DIVIDEND POLICY

Our current strategic decision to withhold a formal dividend distribution policy is driven by a desire to maintain our Company's resilient financial foundation, especially during an uncertain economic environment. The recent pandemic has provided a stark reminder of how swiftly the economic landscape can alter, often with profound implications for businesses worldwide.

In the face of such uncertainty, we consider it prudent to adopt a conservative stance towards cash management. By retaining cash, we aim to secure our cash flow, allowing us to remain resilient during challenging times, including potential global recessions. This strategy is not borne out of a pessimistic outlook but rather a prudent approach to ensure that our company can withstand unforeseen challenges and continue delivering value to all our stakeholders.

Moreover, rather than distribute dividends, we have decided to reinvest our earnings back into the company. This decision is informed by our commitment to sustainable growth and our ambition to continually create and add value for our shareholders in the long term. We believe that by reinvesting our earnings, we can fuel our business growth, enhance our capabilities, and capitalise on new market opportunities, which, in turn, will lead to increased shareholder value over time.

Currently, we see particularly exciting growth prospects in the realms of industrial and commercial property development. These areas are set to become significant growth drivers for our business, and we believe that by strategically directing our resources towards these opportunities, we can achieve substantial progress and realise our growth potential.

APPRECIATION AND ACKNOWLEDGMENT

On behalf of the Board of Directors, I would like to express my utmost gratitude to our valued customers, shareholders, business partners, suppliers, bankers and the respective government authorities for the continuous trust and unwavering support of PGB.

I am profoundly grateful for the sustained faith and unflagging backing we received from all of our stakeholders, especially over the last few years when the COVID-19 pandemic disrupted our businesses.

I wanted to take this opportunity to acknowledge and thank the management team and staff for their loyalty, hard work and contributions to the Group as we continue to evolve and adapt to the ever-changing market landscape. I also wish to thank my fellow Directors for their insightful guidance and priceless contributions.

Rest assured, in concert with all our stakeholders, we will persist in uncovering new business possibilities. We will navigate with due diligence to bolster our existing businesses and deliver enhanced value to all stakeholders. Our vision extends beyond the immediate, striving for enduring impact that benefits not just us but many generations.

Thank you.

Dato' Sri Edwin Tan Pei Seng
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Dear Valued Shareholders,

On behalf of the Management and Board of Directors (“the Board”), we are pleased to present to you the Management Discussion and Analysis ("MDA") of Paragon Globe Berhad ("PGB" or "Group") for the financial year ended 31 March 2023 ("FY2023").

"In this year's MDA, PGB reaffirms its commitment to becoming a globally renowned property developer, consistently delivering innovative, high-quality projects, safeguarding stakeholder interests through sustainable management, and fostering a positive, results-driven work environment."

This report encapsulates our commitment to exceeding customer expectations, mitigating environmental impacts, empowering our team, and creating long-term value for all stakeholders as we continue to navigate the dynamic landscape of the property development sector.

OVERVIEW OF GROUP’S BUSINESS AND OPERATIONS

PGB is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Group prides itself on a diversified portfolio spanning property development, construction and investment sectors.

In FY2023, the Group's performance demonstrated resilience and strategic adaptability in an operating environment that was marked by notable volatility and complexity, both globally and domestically. The Malaysian economy was not exempt from global challenges, grappling with rising costs, inflationary pressures, and changes in interest rates.

Yet, despite these challenges, the Group remained steadfast in its mission to be a leading developer across the industrial and commercial sectors, delivering innovative, excellent, and high-quality developments.

Through this, we aimed to exceed our customers' expectations and adapt to their evolving needs while securing sustainable returns and creating long-term value for all stakeholders.

Our vision to be a renowned property developer that delivers innovative, excellent, and quality products with positive economic, social, and environmental impact guided us throughout this turbulent year. It motivated us to take responsible actions and pursue sustainable management practices, safeguarding the interests of all stakeholders.

The lessons learned, and strategies adopted in FY2023 have placed us in a strong position to navigate future uncertainties. As we forge ahead, we will leverage our experience and insights gained during this challenging year to ensure that PGB remains resilient, adaptable, and well-prepared to seize the opportunities of the ever-evolving economic landscape.

Property Development:

Despite the challenges on the global macroeconomic front, PGB has persevered and delivered positive earnings in its property development ventures during FY2023. Property development remained the key earnings driver for the Group, contributing about 96.03% of our revenue during the current financial year.

With the completion of its construction works at Pekan Sentral Phase 2 Shop Offices and Detached Factories, the Group has been actively marketing its property development to drive property sales. The take-up rate for the property development has been encouraging, allowing the Group to plan for its next phase of growth.

However, the rising interest rate environment to tackle the persistent inflationary environment could disrupt growth in the near term. Bank Negara Malaysia ("BNM") adjusted its monetary policy to tackle inflation, increasing the Overnight Policy Rate ("OPR") by 125 basis points (bps) to 3.00 per cent over the last year.

In response to the market challenges, the Group has adopted a prudent approach to conserving cash and formulated proactive strategies to manage the direct effects of these inflationary and cost-related pressures.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

PGB also took advantage of the evolving market dynamics and ventured into the healthcare and wellness sector while focusing on commercial and industrial properties. This strategic shift reflects our commitment to meeting our customers' evolving needs and exceeding their expectations. We consider it our duty to contribute to their well-being and the wider social and economic good, which aligns perfectly with our vision.

Given the current market, the management will focus on increasing sales for its completed properties, maintaining its reputable brand identity and launching projects in smaller parcels for enhanced marketability and sustainable earnings. Our conviction lies in the promise of properties with the right amalgamation of concept, products, pricing, and location. We believe such properties will always draw a positive reception from potential buyers.

Our strategic initiatives in this sector are designed to amplify the economic value and boost our earnings potential in the medium to long term. The rich development potential of our ongoing projects fuels our optimism.

Before embarking on new acquisitions or investments, we conduct comprehensive feasibility studies and market surveys to ensure maximum earnings. We are exploring potential joint ventures to overcome capital constraints while delivering shareholder value. Any promising opportunities will be presented to the Board for thorough consideration and informed decision-making. This aligns with our vision to be an innovative, excellent, and quality property developer with a positive economic, social, and environmental impact.

Construction:

The Construction Division of Paragon Globe Berhad has completed the Pekan Sentral Shop Office Phase 2 and Detached Factories projects in the past fiscal year. Currently, most of the construction works support the Group's existing and forthcoming projects.

The management, however has taken proactive measures to secure new external construction contracts to boost earnings within the business segment. We are committed to delivering excellent and quality development that exceeds expectations, which reflects our mission. By doing so, we aim to positively contribute to the Group's overall performance in the long term.

Investments:

Our Investment Division's revenue is primarily derived from interest income from current account and gain on disposal of money market fund. This division serves as a testament to our dedication to safeguarding and building a sustainable environment through continuous improvements and solutions to environmental concerns.

In the new financial year, the Investment Division will remain vigilant in scouting for new opportunities to enhance the Group's financial performance. By actively seeking improvement, we uphold our commitment to sustainable management and responsible actions, thereby protecting the interests of all stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Despite the lingering effects of the COVID-19 pandemic, the Malaysian economy and property development sector have slowly bounced back in FY2023, thanks to the transition towards managing COVID-19 as an endemic disease. This recovery was bolstered by the reopening of international borders and a series of economic stimulus measures implemented in Malaysia.

However, the path to recovery was not without its obstacles. Various local and global events, including a resurgence of COVID-19 cases in China, the Russia-Ukraine conflict, and other elements, led to a spike in inflation.

This inflationary pressure was further exacerbated by ongoing supply chain disruptions and rising commodity prices, ultimately slowing global economic growth to 3.2% last year, a significant decrease from the initially forecasted growth of 6.0%.

On a more positive note, Malaysia's GDP growth accelerated impressively to 8.7% in 2022, up from 3.1% in 2021. The property market stayed strong, especially within the affordable segment. This resilience was largely due to the implementation of various tax incentives and stimulus measures aimed at benefiting both property buyers and developers.

Resilient financial performance

KEY HIGHLIGHTS

FY2023

Revenue
-13.13%
RM47.63 million

Net Profit
+241.38%
RM3.96 million

Total Shareholders Equity
+1.34%
RM299.33 million

Total Assets
+17.44%
RM366.16 million

We are proud to present PGB's robust financial performance for FY2023, where we observed a sharp increase in our earnings. Net profit for the Group was more than tripled from a year ago, reaching RM3.96 million as compared to RM1.16 million in the previous year. This significant augmentation of our earnings can be primarily accredited to the fair value gains from our rich portfolio of investment properties.

Although the turnover for the year under scrutiny reflects a dip of 13.13%, standing at RM47.63 million compared to FY2022's RM54.83 million, we see this as a reflection of the challenging market environment rather than a commentary on our business resilience.

Our revenues are largely underpinned by the sale of properties, spanning both shop offices and detached factories.

Our property development segment has acted as the cornerstone of our revenue stream, contributing approximately RM45.74 million or an impressive 96.03% of the Group's total revenue. In the following positions, our construction and investment segments contribute 2.42% and 1.55%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

In the construction segment, FY2023 saw us making strides with an externally driven project revenue of RM1.15 million, a notable improvement from FY2022, where no external project revenue was observed. While it is essential to note that our construction arm still primarily offers intercompany construction services to our property development subsidiaries, this development highlights a new, promising revenue stream for the Group in the long term.

Meanwhile, our investment segment showcased a healthy increase of 26.47% in its revenue. The key driver behind this encouraging trend has been the dividends earned from our judicious ventures in the money market.

These positive outcomes can be attributed to the collaborative efforts of our dedicated employees at all levels, who have worked in unison to seize growth opportunities. Their efforts and unwavering support from our customers have placed us in a strong position.

As we look ahead, we focus on diligent monitoring of our key performance indicators while maintaining prudent cost measures.

We are committed to staying nimble, adapting to diverse market trends, and continuing our journey of growth and success. Our aim is not just to sustain but to strengthen the long-term viability of our property development business, a sector we firmly believe holds immense potential for the Group.

Strengthen our foundation with a solid financial position

PGB has been making strategic moves to bolster its balance sheet, particularly in the face of a rising interest rate environment, the challenges posed by a turbulent global economy, and increasing operational costs.

Reflecting this is the consistent upward trend in the Group's total assets, rising by 17.44% from RM311.79 million in FY2022 to RM366.16 million in FY2023. This growth is a testament to our financial health and capacity for sustained development, even in the face of external market headwinds.

Moreover, our efforts to bolster liquidity are evident in the increase in our money market fund and cash and bank balances. As of 31 March 2023, we have RM40.51 million in cash and bank balances, while our holding in money market funds has increased to RM77.68 million.

In FY2022, our cash and bank balances stood at RM50.38 million, but our holdings in money market funds were lower at RM63.69 million. Overall, our liquid asset in the money market fund and cash has increased by 3.61% to RM118.19 million in FY2023 compared to RM114.07 million in FY2022. Our allocation of liquid assets into the money market fund allows us to take advantage of the rising interest rate environment.

In terms of our debt level, PGB does not have any short-term debt on its balance sheet except for the hire purchase loan under its short-term lease liabilities. The Group has a long-term borrowing of RM42.0 million. After the financial year ended 2023 and at present, the Group's financial commitments stand at around RM164.85 million, which represents the remaining balance to be settled for the acquisition of lands and the construction costs for the Sepang Medical Centre. We anticipate deploying significant funds to ensure continued expansion and growth in these areas.

As of 31 March 2023, the Group retains a strong net asset position as net asset per share remained stable at RM0.40 per share.

At PGB, we are dedicated to maintaining a robust financial performance and continually enhancing our financial position. This drive ensures that we can consistently create and deliver value for our shareholders.

Our strategies are firmly focused on navigating these challenging times with an unwavering commitment to ensuring the long-term sustainability of our

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

business. Through prudent financial management and strategic initiatives, we believe we are well-equipped to deal with the rising interest rates and other global uncertainties.

GROUP STRATEGIC INITIATIVES

As part of PGB's commitment to remain agile and responsive in the face of evolving market dynamics, we have developed proactive strategies that are both robust and flexible. These strategies are designed to ensure that we meet and exceed our stakeholders' expectations while securing sustainable returns and enhancing long-term value.

1. Optimising Operational Efficiency

We are continually seeking ways to enhance our operational efficiency across all sectors. This includes optimising our processes and systems, reducing operating costs, and leveraging technology to streamline our activities. By doing so, we aim to maintain a lean, efficient, and resilient organisation capable of adapting to various market conditions.

2. Exploring New Markets and Opportunities

As part of our dynamic growth strategy, we are actively scouting for promising investment opportunities and viable markets, both domestically and internationally. This includes considering potential joint ventures and collaborations to augment our property development portfolio and diversify our sources of income.

Currently, the Group is involved in the construction of the Sepang Medical Centre, a private hospital with 121 beds. PGB will construct the hospital and lease it to Selgate Healthcare Sdn Bhd ("Selgate Healthcare"), a wholly-owned subsidiary of Selgate Corporation Sdn Bhd, which in turn is a wholly-owned subsidiary of Perbandaran Kemajuan Negeri Selangor ("PKNS"). The Group's decision to enter the healthcare industry was prompted by the recent surge in spending within the healthcare and wellness sector and the growing demand for healthcare services. This strategic move allows PGB to generate consistent and reliable rental incomes, ensuring a stable stream of revenue.

3. Building our landbank at strategic locations

Recognising the risk and potential of Johor as a dynamic property market, we have undertaken a strategic initiative to build landbank in key locations within the region. We aim to acquire land in areas with strong growth potential and high demand for commercial and industrial properties.

By doing so, we expect to position ourselves to take advantage of Johor's future growth and development. In June last year, we entered into three Sale and Purchase Agreements ("SPAs") to acquire three pieces of freehold agriculture land located in Mukim of Plentong, Johor Bahru, measuring approximately 26.84 acres for a total purchase consideration of RM38.08 million.

This was followed by another proposed acquisition of two pieces of freehold agriculture land in Mukim of Plentong, Johor Bahru, for a total purchase consideration of RM71.50 million and RM9.52 million, respectively. The two lands are strategic as matured industrial developments within the Taman Desa Cemerlang area such as Cemerlang Industrial Park, Frontier Industrial Park, Tropika Industrial Park, CoHarves Industrial Park, and Desa 88 surround them.

4. Focusing on Sustainability

Aligned with our mission and vision, we are committed to responsible business practices and sustainable management. This includes initiatives to reduce our environmental impact, engage in responsible sourcing and supply chain management, and contribute positively to the communities where we operate.

With this in mind, the Group priorities to reduce our environmental footprint by proactively implementing resource-efficient practices, minimising wastage, while simultaneously fostering a culture of sustainability throughout every facet of our business operations. Aside from that, we also work together actively with our contractors and consultants on the material sourcing options and decisions. This includes our proactive initiative to seek out alternative materials that are environmentally friendly such as recyclable raw materials that ensure material durability and reduce the carbon footprint associated with material sourcing.

5. Strengthening Risk Management

We recognise the importance of robust risk management in navigating uncertain and volatile market conditions. Our proactive approach includes continuously updating our risk assessments, strengthening our internal controls, and developing contingency plans to manage potential risks and disruptions. This includes our assessment of the landbank prior to acquisitions as well as the management of our liquid assets through a money market fund.

6. Investing in Our People

We are committed to developing and nurturing our employees' potential. This includes providing training and development opportunities, fostering a positive and inclusive work environment, and rewarding performance and innovation. We believe a motivated and skilled workforce is key to successfully executing our corporate strategy.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

7. Deepening Customer Engagement

We strive to exceed our customers' expectations and meet their evolving needs. We are enhancing our customer engagement strategies, personalising our services, and offering innovative and high-quality products to achieve this. For example, the Group introduced its design and build factories in Mukim Jeram Batu in October last year to meet customers' demand.

By implementing these proactive strategies, the Group aims to navigate the evolving market dynamics successfully, stay resilient in the face of challenges, and continue to deliver value to all our stakeholders.

OUTLOOK AND PROSPECTS

The Group remains cautiously optimistic about its prospects going forward in FY2023. Nonetheless, we remain vigilant of several persistent challenges.

Inflation, spurred mainly by extensive pandemic-era stimulus measures and potential interest rate hikes by central banks, could impede economic growth. Shortages of raw materials and labour, and fallouts from pandemic disruptions, may also affect the economic recovery pace.

We see these developments as opportunities for growth, particularly in the property sector, which aligns with our mission to provide innovative, high-quality developments that cater to evolving customer needs.

In the face of these challenges, we stand firm on our vision of being a renowned property developer that delivers innovative, excellent, and quality products with a positive socio-economic impact. Our proactive and adaptive strategies will help us navigate these uncertainties.

We plan to intensify the promotion of existing projects, capitalising on the stable demand for our current developments. We are also poised to introduce new project phases and innovative solutions, such as affordable workers' hostels, to address workforce challenges while exploring new growth opportunities.

Meanwhile, the Group has also taken proactive measures to diversify its business by constructing the Sepang Medical Centre for Selgate Healthcare. The Group will construct and lease the hospital to Selgate Healthcare, generating consistent and reliable rental incomes and ensuring a stable stream of recurring revenue. This will allow PGB to benefit from the surge in spending on the healthcare and wellness sector in the post-COVID era.

Moving forward, we will continue to work closely with our Board to assess new business and investment opportunities in line with market trends and customer demands. Our focus remains rooted in our mission to add value for all stakeholders through sustainable actions and responsible management. By exploring favourable land deals, potential joint ventures, and other strategic collaborations, we aim to secure a path to sustainable growth and profitability, reaffirming our position as a leading developer in the industrial and commercial sectors.

With a healthy financial position and prudent and disciplined financial management practice, we are confident that the Group will be in a good position to withstand the uncertainty and economic challenges in FY2024 and beyond.

We will underpin our ability to deliver innovative, excellent and quality products and services which in line with the Group's vision and mission while enhancing economic, environment, social and governance ("ESG") practices to generate greater sustainable impact benefitting our community and environment.

ANTICIPATED OR KNOWN RISKS

Anticipated or Known Risks and Plans/Strategies to Mitigate Such Risks

The business, operational results, growth prospects, and financial performance of the Group are all subject to risks and uncertainties. These may include disruptions in the supply of materials, incidents of fire or flood, or large-scale health crises like pandemics, among others. Many of these risk factors are beyond the Group's direct control and can significantly impact the environment in which it operates.

The Group has been fortunate not to encounter incidents that led to significant interruptions in business operations. However, it is critical to acknowledge that there can be no absolute guarantee against such occurrences in the future.

The COVID-19 pandemic serves as a stark illustration of an event beyond our Group's control. As the country grapples with the ongoing battle against this health crisis and strives to contain its spread, it remains impossible for us to accurately predict the scale of economic disruption and its resultant impact on the Group.

The Group maintains a cautious approach to expansion in response to such uncertainties. It has adopted rigorous standard operating procedures and is committed to closely monitoring global and local developments. The Group also strives to manage its resources and operations proactively to mitigate any potential adverse effects on its business activities.

Beyond these factors, the Group has identified several known risks and intends to report on these in greater detail.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

1. **Business Risk**

   The Group operates within the inherently risky property development industry, exposing it to a multitude of potential hazards. These may encompass changes in the broader economic climate, shifts in government regulations, fluctuations in real estate market prices, and evolving demand for various property types. We also face stiff competition from other property developers and risks such as purchaser default and additional statutory charges. Adverse alterations in these conditions could have a materially detrimental effect on our Group.

   To mitigate these risks, the Group remains committed to executing prudent business strategies, consistently reviewing its operational and marketing strategy, improving efficiency, and closely monitoring the progress of projects under development.

2. **Project Commencement and Completion Delays**

   The punctual initiation and completion of property development and construction projects hinge on various external factors. These include securing necessary approvals from relevant authorities, obtaining sufficient construction materials, and ensuring the satisfactory performance of appointed contractors.

   The Group's ability to execute timely and cost-effectively projects is paramount, as many external factors potentially impacting projects may be beyond our control. Any delays in the completion of property development or construction projects within customer-agreed timelines could expose the Group to additional costs and potential claims. This could adversely impact our business operations and financial results and potentially tarnish the Group's reputation, impairing its ability to attract future buyers.

   The Group will maintain close oversight of subcontractor performance and work-in-progress to mitigate the risk of delayed project completion and delivery.

3. **Risk of Property Overhang**

   The Group is also at risk of property overhang, typically caused by an oversupply and diminished demand for similar properties, economic downturns, or unfavourable financial conditions. A property overhang could materialise upon completion of our future property development projects, affecting the sale of our properties and, subsequently, our financial performance.

   To address this risk, the Group will keep pace with shifting market sentiments, carefully observe property market trends, conduct market studies, and provide suitable promotional incentives. Despite these efforts, we cannot guarantee against future property overhangs, and these could materially and adversely affect the Group's financial performance.

4. **Interest Rate Risk**

   Changes in interest rates can have a significant impact on the property development sector. Rising interest rates can decrease the demand for commercial and industrial properties as the cost of financing increases for potential buyers. The rising interest rate also increases borrowing cost for the Group.

   To address this risk, the Group exercised prudence in its financial strategies, opting to engage in borrowings and financial commitments exclusively for strategic growth initiatives and acquisitions. By maintaining its focused approach, PGB ensures that all debt undertaken serves a clear, beneficial purpose for the Group's expansion. Going forward, the Group will also explore interest rate hedging, active debt management and judicious approach to borrowings to ensure that PGB remains resilient against rising interest rates environment.

5. **Cost Escalation Risk**

   The development process involves numerous costs, such as construction materials, labour, and land acquisition. Unexpected rises in these costs due to inflation, supply chain disruptions, changes in labour laws, or scarcity of resources can significantly impact project budgets and erode profit margins. If these increased costs cannot be passed on to the buyers, it can result in substantial financial losses for the Group.

   To address this risk, we will manage through strategic planning and contracting. Long-term contracts with suppliers can lock in prices for construction materials, insulating the Group from short-term price fluctuations. Additionally, advanced construction methods and technologies can help increase productivity and reduce labour costs. Regular financial auditing and cost tracking can identify potential cost overruns early, providing time to adjust plans and budgets.

6. **Emerging Risk**

   In light of the challenging economic and operational landscape, the Group will continue to refine and bolster its efficiency to achieve better operational effectiveness and financial prudence while aligning its efforts with the evolving market demands.

CONCLUSION

Looking ahead, the Group will continue to emphasise the areas where opportunities lie for our business growth to intersect with optimal environmental and social impact while allowing us to attain sustainable growth and generate long-term shareholder value.

SUSTAINABILITY STATEMENT

Paragon Globe Berhad ("the Group" or "PGB") recognises that business is judged not solely on our financial performance but also on our sustainable business practices in respect of achieving good governance, economic positive, environmentally friendliness and social responsibility to sustain our business and maintain its profitability in this challenging environment, in order to unlocks long-term value for our stakeholders and communities around us.

We perceive sustainability as a never-ending process which require the participation of all stakeholders, both internally and externally. In identifying the sustainability matters relevant to the Group, we have reviewed and taken into consideration both internal and external factors affecting the economic, environment, social and governance ("ESG") in which we operate. Furthermore, we also evaluated our sustainability context, stakeholder issues and the associated risks or opportunities for the Group to streamline our actions to benefit all stakeholders.

This is the Group's second report which provide an overview of the Group's approach to sustainability and its performance, reflecting our continued journey to embed sustainability practices into our business operations with aims of bringing more value to its business, society and stakeholders.

REPORTING SCOPE

This Statement covers the sustainability performance for all business operations of PGB and its subsidiaries. The business segments covered are property development, construction and investments, unless otherwise stated.

REPORTING PERIOD

This Statement covers the period from 1 April 2022 to 31 March 2023, which historical data of the preceding years included for comparison, where available and relevant. Unless otherwise stated, all data is reported as at 31 March 2023.

REPORTING GUIDANCE AND ASSURANCE

This Statement is prepared in accordance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and with reference to the Bursa Malaysia Sustainability Reporting Guide and Toolkits (3rd Edition).

This Statement has been reviewed by the Management and approved by the Board of PGB. We have not sought any external assurance for the current Statement and will consider to seek assurance for our key sustainability indicators as our reporting matters in the future.

FEEDBACK

We value the feedback of our stakeholders and welcome suggestions on our sustainability initiatives, practices and disclosure. Please share with us your questions and/or suggestions pertaining to this report, which can be sent to **enquiry@pgbgroup.com.my**.

SUSTAINABILITY STATEMENT (continued)

SUSTAINABILITY JOURNEY

2023

Strengthening Sustainability Efforts

- Recognised the importance of the Governance pillar as a key focus area and developed its related goals.
- Enhanced our policy and strategic framework by outlining our commitment towards Governance pillar.
- Further strengthened our sustainability governance structure for more effective implementation of sustainability initiatives.
- Expanded our materiality assessment to further include external stakeholders.
- Enhanced the sustainability reporting based on Bursa Malaysia Sustainability Reporting Guide and Toolkits (3rd Edition).
- Developed Sustainable Procurement Policy and Health and Safety ("OHS") Policy.
- Is a participant of the United Nations Global Compact ("UNGC").

2022

Building Commitment Towards Sustainable Development

- Established the Sustainability Goals, Policy and Strategic Framework.
- Strengthened Sustainability Governance Structure by established Sustainability Business Committee and appointment of Sustainability Officer.
- Conducted first materiality assessment which involve employees from all segments.
- Created first Materiality Matrix.
- Aligned business operations with relevant United Nations Sustainable Development Goals ("UN SDGs").

2020-2021

Identifying Data Trends

- Elaborated on the management approaches towards sustainability material matters identified and COVID-19 pandemic.
- Continued data collection of sustainability material matters.

2019

Stepping Up Sustainability Efforts

- Established sustainability governance structure to effectively manage and oversee sustainability initiatives.
- Established mechanisms for ongoing engagement with stakeholders to understand their expectations and needs.

2018

Compliance-based Reporting

The sustainability reporting was based on Bursa Malaysia Sustainability Reporting Guide and complies with the MMLR.

PGB had commenced its sustainability journey about since financial year 2018. We started off with a compliance-based report, in accordance with Bursa Malaysia Sustainability Reporting Guide. Since then, we have stepped up our sustainability efforts with the establishment of Sustainability Governance Structure to establish clear roles, responsibilities, and processes within an organisation to effectively manage and oversee sustainability initiatives during financial year 2019. As we continued to improve on our data disclosure in the subsequent financial years, the Group has made considerable progress in aligning with local law and regulations that emphasise the integration of ESG principles into our operational practices.

In financial year 2023 ("FY2023"), the Group took significant steps to strengthen our sustainability journey and recognised the importance of the Governance pillar as a key focus area. We established specific sustainability goals within the governance domain to enhance our overall sustainability performance and ensure responsible and ethical practices throughout our operations. We are also pleased to report that we implemented various initiatives that created Economic, Environmental, Social and Governance impacts in the year under review. Our sustainability journey outlined above provides an overview of the key impacts that we have made across the four (4) sustainability pillars.

SUSTAINABILITY GOVERNANCE

Sustainability Goals

Responsible and Sustainable Governance

Upholding the highest standards of ethics, laws and regulations while fostering trust and accountability with stakeholders to build a solid foundation for sustainable growth and development.

Strengthening our Economic Outlook

Drive sustainable growth and success which goes beyond financial consideration in order to safeguarding the stakeholders' interests and wider communities.

Minimising our Environmental Footprint

Priorities to reduce environmental footprint through efficient and optimisation use of resources and minimising wastage in the course of conducting business towards sustainability for future generations.

Valuing our People and Community

Respecting human rights while emphasise on employees' safety, personal growth, diverse workforce and engaging in community to drive the success and sustainability.

At PGB, we believe that sustainability is not just a choice but a responsibility we owe to the planet and future generations. We are committed to making a positive impact by integrating sustainable practices into every aspect of our operations. Our sustainability goals serve as a guiding force in our journey towards a more sustainable and resilient future.

This year, we are proud to announce the inclusion of the Governance pillar in our commitment to sustainability. We understand that strong governance is a vital element in achieving holistic sustainability and long-term success. By integrating the Governance pillar into our sustainability framework, our aim is to ensure responsible decision-making, promote ethical conduct, transparency, accountability and compliance with applicable laws and regulations.

SUSTAINABILITY STATEMENT (continued)

The above provides an overview of our enhanced sustainability goals, highlighting our dedication to embedding sustainability practices into our business strategy. Join us as we embrace sustainability, drive positive change, and create a better world for all. Together, we can build a more sustainable future that leaves a lasting legacy.

Sustainability Policy

Last year, we reached a milestone by formally adopting our Sustainability Policy during July 2022. This policy serves as a catalyst for cultivating an organisational culture that embraces sustainable development, aligning with our Group's vision and mission. This year, we have taken further steps to enhance our policy by outlining our commitment in four (4) key pillars: Economic, Environment, Social and Governance. The Board of Directors ("the Board") has approved and endorsed this policy, and Senior Management will play a crucial role in ensuring that our business strategies, plans, and procedures align with our sustainable development goals. For more information about the Group's Sustainability Policy, you can visit our Company's website at **https://pgbgroup.com.my**.

Scan here for more information on our Sustainability Policy

We believe that the policy reflects our initiative to maintain transparency, accountability, safety, ethics and integrity as core values of our business practices. We aim to be a responsible and accountable organisation that actively contributes to the global sustainability agenda while minimising any potential negative impacts arising from our operations. We remain committed to constantly enhancing our endeavours and are confident that this policy will serve as a valuable resource, providing guidance and fostering awareness among our employees regarding the Group's strategic direction on sustainability in the years ahead.

Sustainability Framework

We are thrilled to share with you our ongoing commitment to sustainability and the enhancements we have made this year. As we enter our second year of implementing the framework, we have taken the opportunity to expand its scope to include a new pillar: Governance. It strengthens our approach to sustainability by acknowledging the crucial role that effective governance plays in driving positive economic, environmental and social outcomes.

At PGB, we recognise that sustainability is not a one-time initiative but a continuous journey. It is through the development and implementation of strategic framework that we can align our business practices with our sustainability goals and make a meaningful impact on the world around us. Over the past year, we have learned valuable lessons from our initial implementation of the framework, enabling us to refine and enhance our approach. This evolution reflects our deepening understanding of the correlation between sustainability, responsible decision-making, and transparent governance practices.

We are excited about the progress we have made so far, but we are also cognisant of the challenges that lie ahead. As we embark on this renewed sustainability journey, we remain dedicated to continuously improving our practices and addressing emerging sustainability issues. The Group's Sustainability Strategic Framework is reviewed periodically with considerations from stakeholder expectations as well as local and global issues. We will also ensure the sustainability initiatives are materialised across all business segments to effectively manage prioritised material sustainability matters, so as to bridge gaps and resolve issues through carefully planned strategic coordination.

In the following section, we will provide an overview of our updated Sustainability Framework, highlighting its key pillars: Economic, Environmental, Social and Governance.

SUSTAINABILITY STATEMENT (continued)

Sustainability Strategic Framework

Our Business	Property Development	Construction	Investments	
Vision	To be a renowned property developer that deliver innovative, excellence and quality products with positive economic, social and environmental impact through responsible actions and sustainable management to safeguard the interests of all stakeholders.			
Mission	▪ We are committed to be the leading developer across the industrial and commercial sector by providing innovative, excellence and quality development that strive to exceed the expectation and meet the evolving needs of our customers, and thereby achieve the sustainability of returns which creating the long-term values for all stakeholders. ▪ We perform our best to safeguard and build a sustainable environment by continuously seeking improvement and implement solution to the environmental concern. ▪ We aim to cultivate an energetic, positive, motivating and results-driven working environment for our employees to best unleash their individual potential ability, growth and enhancing overall organisational capability to drive successful execution of corporate strategy over the long term.			
Policy	Sustainability Policy			
Sustainability Pillars	**Governance**	**Economic**	**Environmental**	**Social**
Goals	Responsible and Sustainable Governance	Strengthening Economic Outlook	Minimising Environmental Footprint	Valuing People and Community
Material Matters	▪ Compliance to Laws and Regulations ▪ Anti-Bribery and Anti-Corruption	▪ Product and Service Quality ▪ Economic Performance ▪ Supply Chain Management	▪ Waste Management	▪ Employee Engagement and Development ▪ Occupational Health and Safety ▪ Diversity and Inclusion ▪ Community Development and Programmes

Communications

- Annual Report
- Company Website
- Announcements
- Annual Sustainability Statement
- Annual General Meetings
- Social Media

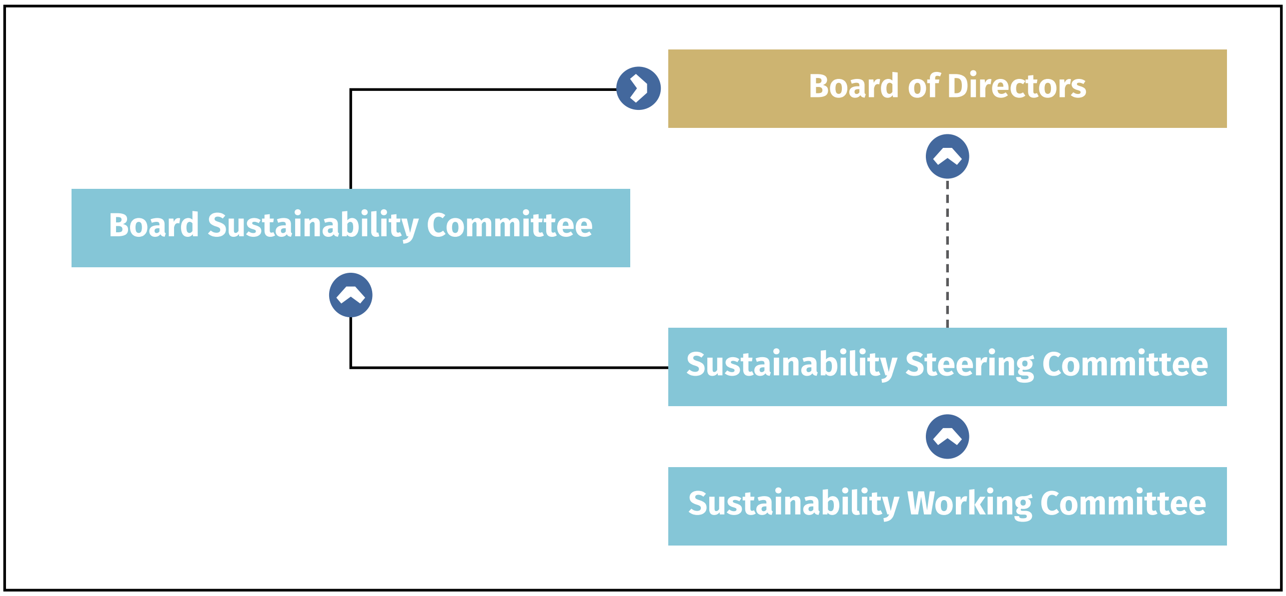
Stakeholders

- Employees
- Customers
- Media
- Government and Regulators
- Shareholders and Investors
- Contractors and Suppliers
- Local Communities and Non-Government Organisation

SUSTAINABILITY STATEMENT (continued)

Governance Structure

During the current financial year, PGB has enhanced sustainability governance structure to more effectively implement sustainability strategies and initiatives across the Group. This structure enables strategic oversight of ESG matters, risk management, and the gradual integration of ESG into our business model and processes.



The structure has been established with the Board of Directors ("the Board) as its apex, supported by the Board Sustainability Committee ("BSC") and Sustainability Steering Committee ("SSC"). The BSC consists of members from the Risk Management Committee and Audit Committee, who are responsible for overseeing the organisation's sustainability strategies and making recommendation to the Board. The SSC, chaired by Sustainability Officer ("SO") and comprising various Head of Departments ("HOD"), is responsible for implementing the approved sustainability strategy as directed by the Board. Subsequently, sustainability is cascaded to Sustainability Working Committee ("SWC"), which supports the management and execution of daily sustainability initiatives.

This structure allows sustainability to permeate the organisation's culture, supporting the development of a desired mindset as the norm for the Group. The table below provides an overview of the committee members, key roles and responsibilities.

SUSTAINABILITY STATEMENT (continued)

Board and Committee	Roles and Responsibilities
The Board	• Having ultimate responsibility for sustainability within the organisation; • Providing oversight of the strategic management of material sustainability issues; and • Approving or endorsing the Group's Sustainability Statement.
BSC	• The RMC and AC together form the composition of the committees; • The RMC is responsible for overseeing the management of principal business risks and significant/material ESG risks; • The AC is responsible for overseeing audit matters related to significant/material ESG risks and for conducting audit/assurance activities pertaining to the Group's sustainability reporting processes, if applicable; and • Both committees have the responsibility of advising, monitoring, and recommending sustainability-related business strategies and policies for adoption by the Board.
SSC	• The SSC comprises the SO and HOD within the Group; • The SO, who chairs the SSC, collaborates with the HOD to establish sustainability strategies and priorities and reports to the BSC; • Leading the promotion and development of a strong sustainability culture across the Group; • Reviewing the Group's Sustainability Statement; and • Overseeing the strategic management of the Group's material sustainability matters.
SWC	• The committee comprises representatives from various departments; • It is responsible for executing the implementation of sustainability-related initiatives; • The SWC tracks and reports on the progress of these initiatives; and • Facilitates sustainability management processes such as stakeholder engagement, materiality assessment, and data collection.

As a continuous effort to enhance the sustainability management within the Group, sustainability matters will be discussed as an agenda during the RMC meetings and Board meetings twice a year, however, starting from the next financial year, they will also be included in the AC's meeting agenda to ensure timely communication and management. The SSC deliberates on material sustainability matters relating to ESG risks as well as new opportunities, as necessary, and keeps the RMC, AC and Board updated on these issues. In addition, the SWC meets monthly to update and track the progress of implementing the Group's sustainability initiatives. As the Group grows and develops, the Board will ensure allocation of adequate resources to manage sustainability related risks and opportunities while upholding good corporate governance across the Group's operation to achieve our corporate objectives.

Scan here for more information on our Sustainability Governance Structure

SUSTAINABILITY STATEMENT (continued)

STAKEHOLDERS ENGAGEMENT

Stakeholder engagement is a vital component of our sustainability commitment. Stakeholders are defined as parties who are impacted by our organisation's business decisions and activities, as well as groups whose actions and decisions will influence our business growth as well as vested interest in our organisation.

To ensure effective stakeholder engagement, we maintain regular engagement and ongoing dialogue with our stakeholders. This enables us to gain valuable insights that form a key input into our materiality determination process. By understanding their perspectives, we are empowered to identify and align their key priorities and concerns with our organisational business and sustainability strategies. This alignment allows us to maximise value creation and ensure a balanced approach that meets their needs.

Our engagement mechanisms for each stakeholder group are comprehensive and inclusive. These mechanisms are designed to create open communication, collaboration and mutual understanding. While not limited to the following, they include:

Stakeholder Group	Mode and Frequency of Engagements	Interests and Concerns	Our Response
Shareholders and Investors	**A** Annual general meetings **A** Annual reports **P** Company website **N** Corporate announcements **N** Extraordinary general meetings **N** Meetings **Q** Quarterly financial results announcements **P** Social media platforms	• Anti-bribery and anti-corruption • Branding and reputation • Business outlook and strategy • Climate change strategies • Economic, environment, social and governance ("ESG") practices and commitment • Effective leadership • Corporate governance • Return on investment • Market and future outlook • Risk management and internal control system • Sustainable financial and operational performance • Transparency and accountability	• Strengthen corporate governance by establishing internal policies such as the Anti-Bribery and Anti-Corruption ("ABC") Policy, Whistleblowing Policy and other related policies. • Conduct risk assessments to identify and mitigate potential risks. • Report relevant ESG aspects of performance to show accountability to sustainability practices. • Manage resources effectively to maximise profit. • Provide timely updates on company strategy and performance through quarterly financial reporting and announcements on Bursa Malaysia. • Deliver sustainable growth that aligns with annual and long-term financial targets.

SUSTAINABILITY STATEMENT (continued)

Stakeholder Group	Mode and Frequency of Engagements	Interests and Concerns	Our Response
Employees	**P** Corporate activities **N** Engagement contract **P** Employee handbook **A** Employee survey **A** Employee performance appraisals **P** Learning and development trainings and workshops **P** Meetings	• Anti-bribery and anti-corruption • Career developments and enhancement • Corporate direction and growth plan • Diversity and inclusion • Effective leadership • Employee compensation, benefits and welfare • ESG practices and commitment • Job security and retention • Labour and human rights • Occupational health and safety • Work-life balance • Working environment and culture	• Offer comprehensive benefits and competitive remuneration packages. • Implement employee engagement programmes. • Provide training programmes to support career growth and personal development. • Strengthen performance management to attract and retain talented employees. • Establish a transparent performance appraisal process and rewarding scheme. • Implement the mandatory signing of ABC Declaration Form by employees and committing to adhere to PGB's Code of Conduct. • Enhance employees' understanding and awareness on Group's policies, sustainability requirements and compliance. • Maintain a safe and conducive work environment that supports physical, social and mental health. • Maintain an inclusive and non-discriminatory work environment and culture.
Customers	**N** Advertisement and marketing promotions **N** Corporate and product brochures **P** Company website **N** Corporate announcements **N** Customer feedback and service platforms **N** Public events **N** Project launches **P** Social media platforms	• Customers support services and experience • Defect rectification • ESG practices and commitment • Market and future outlook • Product and service's pricing and quality • Product and service's safety and security • Product design and features • Social contributions • Timely delivery	• Engage with customers to gather feedback and assess satisfaction levels, as well as to identify areas for improvement. • Adhere to stringent quality standards. • Incorporate eco-friendly development features. • Ensure products meet expectations in terms of quality, cost, price and delivery.

SUSTAINABILITY STATEMENT (continued)

Stakeholder Group	Mode and Frequency of Engagements	Interests and Concerns	Our Response
Contractors and Suppliers	**N** Briefings, updates and meetings **N** Contract and legal discussions **P** Company website **N** Emails and letters **N** Letter of awards **A** Performance evaluations **P** Sites visiting and inspections **N** Tender sessions	• Anti-bribery and anti-corruption • Business ethics and compliance • Legal compliance and contractual commitments • Procurement process and practices • Product and service's pricing and quality • Payment Schedule • Supply chain management • Sustainable building practices and methods	• Ensure a fair and transparent tender process. • Implement a comprehensive supplier screening and assessment process. • Conduct briefings to ensure contractors/ suppliers understand our requirements before submission. • Negotiate with contractors/ suppliers to ensure best value. • Mandate the signing of the ABC Declaration Form by all contractors/suppliers, committing to adhere to PGB's Code of Conduct. • Support local suppliers and contribute to the local business ecosystem. • Adopt best practices to promote sustainable development. • Established formal policies and procedures such as ABC Policy, Conflict of Interest and Related Party Transaction Policy and Sustainable Procurement Policy.
Government and Regulators	**A** Audit and inspections **N** Compliance reporting **N** Emails and letters **N** Industry associations and consultants **N** Regulatory requirements reporting **N** Seminars, workshops and training sessions	• Anti-bribery and anti-corruption • Corporate governance • ESG practices and commitment • Labour practices • Occupational health and safety • Public and community engagement • Regulatory compliance and certification • Transparency and accountability	• Ensure compliance with regulatory requirements. • Maintain close engagement with regulators and the Malaysian government to stay informed about the latest regulatory changes and initiatives. • Support the development and implementation of sustainable practices to protect our stakeholders. • Provide transparent reporting and communications through annual reports, quarterly financial reporting and announcements on Bursa Malaysia.

SUSTAINABILITY STATEMENT (continued)

Stakeholder Group	Mode and Frequency of Engagements	Interests and Concerns	Our Response
Local communities and non-governmental organisations	**P** Company website **N** Community initiatives and development programmes **N** Corporate announcements **N** Public events **P** Social media platforms **N** Sustainability and related programmes	• Community development and programmes • Contributions made to surrounding communities • ESG practices and commitments • Environmental and social issues in relation to business operation • Infrastructure improvements • Job and business opportunities • Stimulate local economies	• Implement corporate social responsibilities initiatives focused on community engagement. • Adhere to local authorities and regulations, including compliance with quality standards, operational health and safety practices at construction sites and developments. • Incorporate eco-friendly development features. • Create job opportunities with preferences given to hiring local residents. • Ensure that products and services developed have minimal negative environmental impact in terms of materials used and waste generated.
Media	**N** Advertisement and marketing promotions **N** Corporate and product brochures **P** Company website **N** Corporate announcements **N** Press release **N** Public events **N** Project launches **P** Social media platforms	• Corporate reputation • Business outlook and strategy • Long-term relationship building • New development for public knowledge • Transparent and timely information	• Organise social engagements, including festive celebration and media events. • Provide regular updates on the corporate's latest developments and progress. • Foster open and proactive communication with the media through press releases, media briefings, and interview. • Monitor media coverage and seize opportunities to promote our organisation's sustainability achievements and contributions.

Legend
Q = Quarterly **A** = Annually **N** = As and when needed **P** = Periodically

SUSTAINABILITY STATEMENT (continued)

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

Sustainability matters encompass the risks and opportunities arising from economic, environmental, social and governance ("ESG") impacts of the Group's operations, as well as the views and expectations that are key and relevant to our stakeholders.

In the context of sustainability, materiality extends beyond matters with a significant financial impact on the Group. It also includes consideration of broader ESG impacts. By implementing a materiality assessment process, the Group can identify the ESG issues that hold the greatest significance for our operations and stakeholders. Subsequently, this enables us to develop effective strategies to manage and address these issues. The following section outlines a common approach used by the Group to assess materiality in sustainability context.

Materiality Assessment

Phase 1

Identification of relevant ESG matters

Identify sustainability matters relevant to the Group's operations and stakeholders from internal and external sources.

Phase 2

Prioritisation of ESG matters

Assess the significance of ESG impacts on the Group's operations and stakeholders. Prioritise ESG matters based on their significance and the material interests of each stakeholder.

Phase 3

Review and validation of ESG matters

Examine the prioritisation results, validate material matters with management, and structure the disclosure accordingly.

Phase 4

Reporting of ESG matters

Present the materiality matrix and ESG matters to our stakeholders through annual Sustainability Statement.

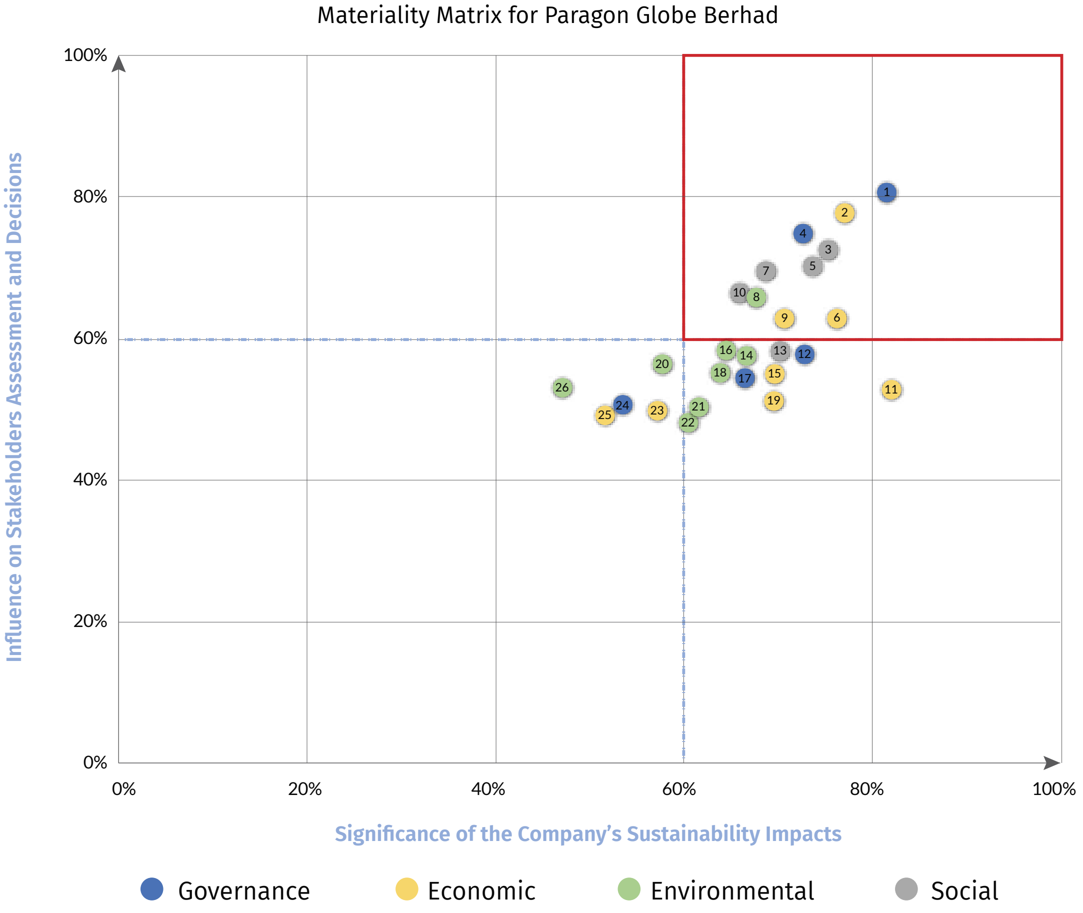
To identify relevant sustainability matters and opportunities, we have drawn information from various internal and external sources. These includes input from committees and employees within our organisation, insights from external stakeholders, published reports, MMLR of Bursa Securities, the Sustainability Reporting Guide and Toolkits (3rd Edition), emerging trends, existing peer literature and other reliable sources. Additionally, we align our sustainability topics with the current and anticipated future demands of economy, environment and society, ensuring they resonate with the Group's business model and direction as well as the relevant United Nations Sustainable Development Goals ("UN SDGs").

While companies are not expected to address all the identified ESG impacts, it is crucial to proritise those that are material and significant. Engaging with our key stakeholder groups in prioritisation of sustainability matters provides meaningful assessment and insight into the significance of each ESG impacts. In 2021, we conducted our first materiality assessment involving employees from all business segments to identify key sustainability topics that are material to both PGB and our stakeholders. Building on this, in 2022, we expanded our materiality survey to include external stakeholders. We reached out to 1,786 stakeholders through an online survey and received 68 responses within two-week period, ensuring a more representative view of our stakeholders' priorities.

SUSTAINABILITY STATEMENT (continued)

A materiality threshold has been set to enable the Group to determine its material sustainability matters. As a result of the above surveys, a materiality matrix was constructed. This year's assessment process has identified twenty-six (26) sustainability matters. The materiality matrix facilitated the proritisation of twenty-one (21) topics that exceeded the threshold set. Those falling in the top-right quadrant of the matrix are interpreted to have the greatest significance to the Group's long term business value or stakeholders' interest and prioritised for management and reporting. The process and outcome of the materiality assessment have been approved and endorsed by the Board of Directors ("the Board") to its accountability and reliability.

The resulting Materiality Matrix is as shown on the following page.



1. Compliance to Laws and Regulations 2. Products and Services Quality 3. Employment Engagement and Development 4. Anti-Bribery and Anti-Corruption 5. Occupational Health and Safety 6. Economic Performance 7. Diversity and Inclusion 8. Waste Management	9. Supply Chain Management 10. Community Development and Programmes 11. Customer Satisfaction 12. Data Privacy and Security 13. Labour and Human Rights 14. Water Management 15. Branding and Reputation 16. Energy Management 17. Corporate Governance, Business Ethics and Compliance	18. Environmental Compliance 19. Business Direction, Outlook and Strategy 20. Products and Services Responsibility 21. Climate Change and Action 22. Emissions Management 23. Innovation and Technology 24. Risk Management and Internal Control System 25. Green Financing 26. Biodiversity

SUSTAINABILITY STATEMENT (continued)

CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

At PGB, we recognise that the United Nations Sustainable Development Goals ("UN SDGs") represent a critical framework for addressing the world's most pressing sustainability challenges. As a responsible property developer in Malaysia, we are committed to playing our part in achieving the UN SDGs by incorporating sustainable practices and principles into our operations, projects and business strategies.

Our commitment to the UN SDGs is reflected in our ongoing efforts to promote sustainable development throughout our value chain. We have adopted a sustainable approach to our projects, which includes initiatives aimed at waste reduction, delivering quality products and responsible sourcing of materials. Furthermore, we integrate sustainable practices into our business operations, actively promoting diversity and inclusion, proritising occupational health and safety, upholding ethical conduct, and maintaining transparent reporting.

Building on our existing commitment, we are proud to announce our participation in the United Nations Global Compact ("UNGC"). As part of our initiatives, we have identified additional SDGs that align with our efforts and are relevant to the Group's value chain and nature of business. In total, we now focus on ten (10) out of the 17 UN SDGs, ensuring our actions are aligned with the most impactful goals.

The Group's Focus Area

We remain steadfast in our commitment to continuously improve our sustainability performance and to contribute to the achievement of the UN SDGs. Together with our stakeholders, we can work towards a more sustainable future for all.

SUSTAINABILITY STATEMENT (continued)

Governance
Compliance to Laws and Regulations

UN SDGs Linkage

Why it is Important
Compliance is essential in ensuring the Group operates within the bounds of the laws and maintains a commitment to ethical behaviour which is crucial to building trust within the community, maximising our positive brand reputation.

It also fosters a culture of responsibility, where employees are encouraged to act ethically and responsibly. This, in turn, can lead to a more motivated workforce and help improve overall performance.

Risks/Opportunities
Failure to act in accordance with government laws, industry regulations, or prescribed best practices may result in potential exposure to legal penalties, monetary fines, reputation damages and material loss.

Establishing a competitive advantage that differentiates us from our competitors can lead to customer loyalty and improved access to capital, as investors and lenders are increasingly considering sustainability and corporate responsibility when making investment decisions.

Our Responses
- Guided by Malaysian Code of Corporate Governance.
- Appropriate policies and pratices.
- Work closely with regulatory authorities to stay up-to-date on changes in legislation and regulatory requirements.
- Regular meetings and training programmes for employees.
- Regular audits, inspections and reports.

For further details, please refer to page 51 to 52 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Governance
Anti-Bribery and Anti-Corruption

UN SDGs Linkage

Why it is Important

Conflict of interest, bribery and corruption continue to pose a significant threat to business development. We believe that complete commitment to high standards of integrity and strong business ethics is essential to guarantee the sustainability of the Group.

Additionally, it helps safeguard the interests of our shareholders, maintain trust in our stakeholders, and maximise long-term shareholder value.

Risks/Opportunities

Bribery and corruption have a direct correlation with the branding and reputation of an organisation. They can significant damage the overall business environment, which, in turn, can ultimately hurt economic growth and development.

By reducing the exposure to legal and financial risk, we can save cost and allocate resources more efficiently. This, in turn, enables us to reinvest in the business and contribute to sustainable economic growth.

Our Responses

- Effective governance structure to ensure the successful implementation and enforcement of anti-bribery and anti-corruption ("ABC") related matters.
- Formal policies and procedures such as ABC Policy and Whistle Blowing Policy.
- Regular training and awareness programmes for employees.
- Anti-Corruption Personnel Declaration Form to be signed by all Board, employees and business partners.
- Internal audit and risk assessments.

For further details, please refer to page 52 to 55 of the Annual Report.

Economic
Product and Service Quality

UN SDGs Linkage

Why it is Important

High quality products and services play a crucial role in enhancing customer satisfaction and promoting loyalty, leading to repeat business and positive world-of-mouth referrals, which ultimately contribute to a positive brand reputation and sustainability of business.

Risks/Opportunities

Quality of the products and services will directly affects business's reputation, operations, financial performance and customer satisfaction.

Provide opportunities to differentiate itself in the market, build customer loyalty and improve overall sustainability performance.

Our Responses

- Stay abreast with latest industry trends and adopt best industry practices.
- Regular training programmes.
- Open communication with all stakeholders.
- Commitment in providing workmanship quality of the highest standards.
- Monitoring and evaluating performance system.
- Regular inspections and internal audits.
- Sustainable procurement practices.

For further details, please refer to page 57 to 58 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Economic
Economic Performance

UN SDGs Linkage

Why it is Important

Sustainable economic performance helps secure long-term profitability, enabling the Group to identify risks, seize opportunities, adapt to evolving market trends and ensuring continued financial success.

In addition, the Group can access to a broader range of capital options which can fuel growth, explore new market, developing innovative products and support long term strategic initiatives.

Risks/Opportunities

Market and government driven risk, evolving in customer needs, intense competitive landscapes, disruptive technology and increasing regulatory requirements have made the business and operations challenging.

Demonstrating strong economic performance can drive innovation and open new market opportunities, strengthen the Group's competitive position, as well as contribute to a sustainable and resilient economy.

Our Responses

- Strong corporate governance structure.
- Compliance with all applicable law and regulations.
- Risk assessments activities.
- Formal policies and procedures such as ABC Policy and Code of Conduct.
- Regular meetings with consultants and business partners.

For further details, please refer to page 58 to 60 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Economic
Supply Chain Management

UN SDGs Linkage

Why it is Important

Sustainable supply chain and procurement practices lead to operational efficiency, which can help reduce costs, mitigate the risks associated with supply chain disruptions and improved financial performance.

It also important for the Group to meet the stakeholder expectation, enhance brand reputation as well as create long term value while minimising negative impacts on the environment and society.

Risks/Opportunities

Potential supply chain disruptios lead to significant financial consequences such as production delays and revenue loss. Lack of transparency in supply chain operations may also increase the risk of ethical or legal violations and hinder the ability to adapt to market demands.

Embracing sustainability drives innovation, leading to development of products that meet evolving customer demands, increased market share and customer loyalty.

Our Responses

- Formal policies and procedures such as ABC Policy and Conflict of Interest and Related Party Transaction Policy.
- Adoption of a newly implemented Sustainable Procurement Policy.
- Supplier screening and assessment process.
- Support local procurement by sourcing from local suppliers.
- Use of sustainable construction materials.

For further details, please refer to page 60 to 62 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Environment
Waste Management

UN SDGs Linkage

Why it is Important

To minimise the adverse environmental impacts such as pollution, habitat destruction and resources depletion which resulting from our business operations in local communities.

To mitigate the risk of penalties or legal issues in ensuring to operate ethically and within the legal framework.

Risks/Opportunities

Improper waste management can lead to environmental pollution, posing risk to ecosystems, biodiversity and human health. It also may result in additional operating costs along the management process.

Effectively managing our waste presents opportunities for resources conservation, and enhances an organisation's reputation and strengthens stakeholder relationships.

Our Responses

- Regular meetings and discussions.
- Create environmental awareness.
- Green practices.
- Digitalisation to reduce paper consumption.
- Material reuses.
- Reduce, Reuse and Recycle ("3R") programmes.

For further details, please refer to page 64 to 66 of the Annual Report.

Social
Employee Engagement and Development

UN SDGs Linkage

Why it is Important

To develop a healthy and productive workforce that promotes employee engagement, productivity, and retention. By investing in their development and well-being, we drive sustainable growth, innovation, and attract top talent.

Risks/Opportunities

Disengaged employees can lead to increase turnover rates, disrupt the workflow, reduce efficieny and hinder the organisation's ability to build workforce, impacting the long term sustainability and competitiveness.

Higher level of job satisfaction increased employees' loyalty, leading to improved retention rates and performance. Its enhance the organisation's brand name which can retain and attract potential, innovative talents.

Our Responses

- Employee remuneration and benefits.
- Employee surveys.
- Peformance appraisals.
- Continuous training and development strategies.
- Open communication -grievance mechanism.
- Long Service Award.
- Engagement activities.

For further details, please refer to page 68 to 73 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Social
Occupational Safety and Health ("OSH")

UN SDGs Linkage

Why it is Important

A safe work environment minimises accidents, injuries, and occupational illnesses, ensuring uninterrupted operations and sustained productivity. Additionally, it also reduces absenteeism and turnover rates, as employees feel safe and valued.

Safeguard against legal liabilities and reputational risks, surpassing regulatory requirements to become a beacon of best practices within our industry.

Risks/Opportunities

Inadequate OSH practices not only harms workers but also affects productivity, morale and the reputation of the organisation.

Healthy working environment improved well-being, leading to higher job satisfaction, and minimising the risk of compensation claims, penalties and legal actions, enhancing operational stability.

Our Responses

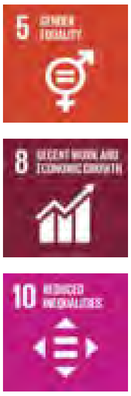
- COVID-19 safety measures and intiatives.
- Adoption of a newly implemented Occupational Health and Safety ("OHS") policy.
- OHS framework.
- Health, Safety and Environment ("HSE") Committee.
- Hazard identification, risk assessment and control procedures.
- Incident reporting channel.
- Safety training and awareness programmes.
- Non-occupational medical and healthcare services.

For further details, please refer to page 74 to 77 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Social
Diversity and Inclusion

UN SDGs Linkage



Why it is Important

By embracing diversity, the Group can tap into a wealth of unique ideas and approaches that drive competitiveness and adaptability in today's dynamic business landscape.

Providing decent work for all women and men, including young people and persons with disabilities stimulate equal opportunities, equal pay for work of equal value and reduces inequalities of discrimination .

Risks/Opportunities

Homogenous teams tend to have similar perspectives, leading to a lack of diverse ideas, hinder innovation and problem-solving abilities. Reputational risks, leading to a negative image and potential boycotts from stakeholders who value diversity.

Inclusive environments enable diverse voices to be heard and considered, leading to better decision-making processes and more well-rounded strategies.

Our Responses

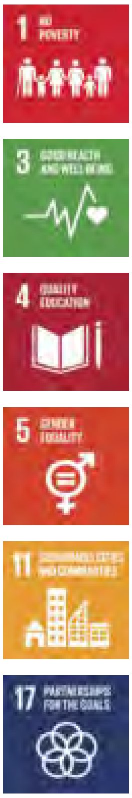
- Leadership and governance.
- Compliance with laws and regulations.
- Promote and create the culture of gender equality within our organisation.
- Fair and equal employment opportunities.
- Supply chain diversity.

For further details, please refer to page 78 to 83 of the Annual Report.

SUSTAINABILITY STATEMENT (continued)

Social
Community Development and Programmes

UN SDGs Linkage



Why it is Important

Engaging with the community, the Group can build strong relationships, increase brand reputation, and create shared value for both the Group and the community.

We can better understand the needs and values of the community, which can inform business decisions and lead to long term business success.

Risks/Opportunities

It can result in negative public perception and community backlash if the programmes are not aligned with the community's needs or values.

Provide an opportunity access to new markets by demonstrating the Group's commitment to social responsibility and sustainability, which can appeal to socially conscious consumers.

Our Responses

- Donations and sponsorships.
- Employee volunteerism.
- Awareness programmes.
- Integrate sustainability principles into stages of our project lifecycle.
- Collaboration and partnership with stakeholders.

For further details, please refer to page 84 to 90 of the Annual Report.

RESPONSIBLE AND SUSTAINABLE GOVERNANCE

As a responsible company in Malaysia, PGB is committed to conducting our business operations with the highest standards of ethics, transparency, and compliance with relevant laws and regulations. We believe that by fostering a culture of trust and accountability with our stakeholders and regulatory authorities, we can establish a strong foundation for sustainable growth and development.

Material Matters:
- Compliance to Laws and Regulation
- Anti-Bribery and Anti-Corruption

SUSTAINABILITY STATEMENT (continued)

In this section, we will highlight our efforts and initiatives in promoting responsible and sustainable governance, and how it has played a vital role in driving our business success and creating value for our stakeholders. We will provide an overview on the key material sustainability matters that we have identified and provide insights to addressing these issues. We believe that good governance is not only a legal obligation, but also a moral imperative that guides our business practices and decision-making processes, while also contributing to the social and economic development of the communities we serve.

a) Compliance to Laws and Regulations

Why It Matters

Regulatory compliance is fundamental to the long-term success and sustainability of our business. It is a cornerstone of our corporate philosophy and reflects our deep commitment to operating our business with the highest ethical standards and corporate responsibility. We aim to establish a climate of trust with our stakeholders as well as administrative and regulatory authorities in the countries we operate.

The Group's operations are subject to requirements through sector-specific laws, regulations and national license. Adherence to these requirements fosters a culture of transparency and accountability, promoting stakeholder trust and confidence, and mitigating any potential legal or reputational risks. It also serves us as a benchmark for our property development industry. Therefore, we continuously monitor regulatory changes and updates, and take proactive measures to not only meet but exceed the expectations of both regulatory authorities as well as our valued stakeholders.

How We Approach It

Our commitment towards meeting all legal and regulatory obligations is well established within the organisation with various approaches and processes in place to identify, assess and respond to compliance requirements as they evolve within our dynamic business environment.

We are guided by the Malaysian Code on Corporate Governance which provides the guidelines and recommendation for the corporate governance practices of companies in Malaysia. By applying its the principles and recommendations, the Group can ensure our operations are in compliance with laws and regulations relevant to our sector. Hence, we have implemented a strong governance structure to guide and monitor our compliance and decision-making processes across the Group. Through the implementation of these procedures, we have enhanced our ability to effectively manage and address all matters related to our business operations. Moreover, we have equipped our Board with the necessary information to make informed decisions and develop appropriate policies and practices that contribute to our long-term value creation. For more details of our corporate governance framework, structure and practices are elaborated in "Corporate Governance Overview Statement" section of the Annual Report.

The primary regulations we adhere to include, but are not limited to:

- Companies Act 2016
- Bursa Malaysia Main Market Listing Requirements
- Malaysian Code of Corporate Governance 2021
- Malaysia Anti-Corruption Commission Act 2009
- Personal Data Protection Act 2010
- Employment Act 1955
- Employee Social Security Act 1969
- Minimum Wages Order 2020
- National Land Code 1965
- Malaysian Construction Industry Development Board Act 1994
- Occupational Safety and Health Act 1994
- Employee Provident Fund Act 1991
- Industrial Relation Act 1967
- Environmental Quality Act 1974

It is essential for the Group to continuously monitor and review laws and regulations that impact our business to stay up-to-date. We maintain close collaboration with the relevant authorities and expertise in the industry to ensure we are aware of any latest development and updates in existing and new regulatory requirements. This practice allows us to stay informed of any changes or updates and take the necessary steps to ensure compliance. Additionally, we conduct regular meetings and training programmes for our employees to ensure that they are knowledgeable about the latest business practices relevant to their work, understand their obligations and responsibilities, and how to carry out their duties in compliance with applicable laws and regulations. By doing so, risk of non-compliance can be mitigated and protect our reputation as a responsible corporation.

Regular audits, inspections and reports are performed as it sets the foundation of a healthy and transparent business operation and in effect, reduces incidents of non-compliance. Internal audit function ("IAF") is responsible for evaluating the effectiveness of our internal controls and assessing any potential risks to the Group's compliance. Additionally, external audit function ("EAF") assesses the Group's compliance with regulatory compliance and industry-specific standards. Both functions provide independent and objective assurance to the Board that our policies and procedures are being followed, and that our operations are in compliance with applicable laws and regulations. By conducting regular audits, we are able to identify areas of improvement, and implement appropriate actions to address any compliance deficiencies. For more details of our IAF and EAF are elaborated in "Statement on Risk Management and Internal Control" and "Audit Committee Report" sections of the Annual Report.

Our Performance

Throughout FY2023, PGB remained dedicated in ensuring that all of its business operations met the required regulations, undertake strict compliance monitoring and continue to adopt relevant and beneficial industry best practices.

We are pleased to report that there were no significant fines or penalties had been incurred for non- compliance with the applicable laws or regulations. In addition, there were no incidences of non-compliance concerning the unethical business conduct, human right violations, health and safety impact from our operations, product and service quality, marketing communication reported or investigated during this reporting period. There were also no breaches of customer privacy or losses of customer data during the year.

Moving forward, the Group will continue to refine our framework, policies and procedures for good corporate governance and ethical conduct for all our business operations with the aim of maintaining the current status of zero legal notices with regards to non-compliance.

There were no instances of non-compliance that resulted in significant fines or penalties in FY2023.

b) Anti-Bribery and Anti-Corruption ("ABC")

Why It Matters

Bribery and corruption are critical issues that have profound impact on the sustainable development of businesses, societies, and economies. Engaging in bribery and corruption can lead to significant legal and financial consequences as well as the risk losing the trust and loyalty of stakeholders, which can have long-lasting negative effects on a company's sustainability and growth. Therefore, the Group recognises our responsibility to prevent and combat all forms of bribery corruption, and unethical practices, and maintaining high standards of ethical conduct in all our operations.

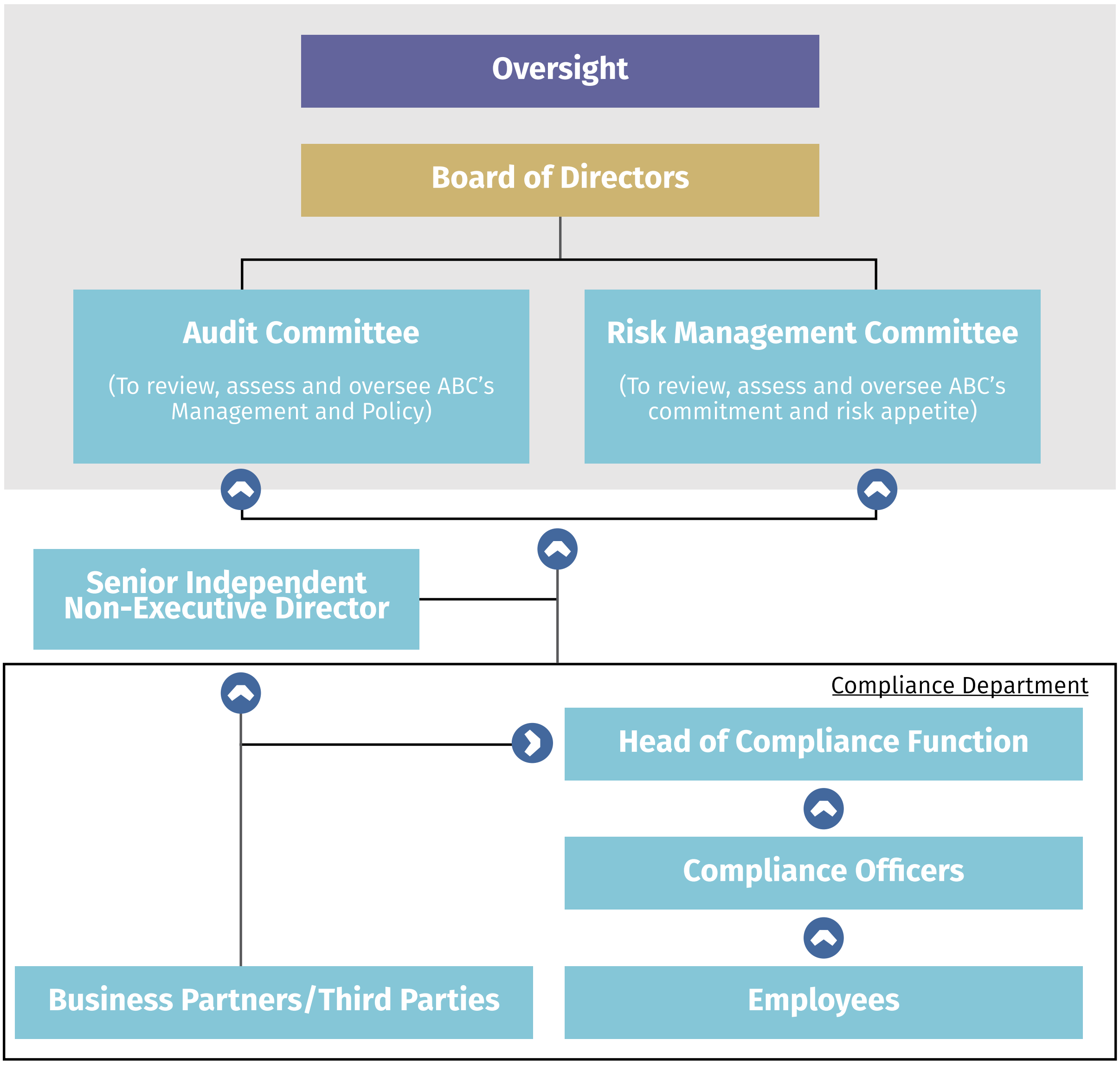
We have implemented strong anti-corruption measures to promote fairness and transparency in all our dealings with stakeholders. We firmly believe that these measures not only demonstrate our commitment to ethical conduct but also enhance investors' confidence in Malaysia's capital markets. By prioritising anti-bribery and anti-corruption efforts, we aim to establish trust and credibility with our stakeholders and foster a sustainable business environment that benefits all parties involved.

SUSTAINABILITY STATEMENT (continued)

How We Approach It

At PGB, we take a comprehensive approach to combat bribery and corruption that involves various measures, including policies, procedures, training and monitoring. In demonstrating the Group's commitment in leading this, the Board of Directors ("the Board") leads the organisation in upholding the highest levels of good corporate governance with uncompromised accountability.

The Group has established a formal governance structure to ensure the successful implementation and enforcement of ABC-related matters throughout the Group as well as ensures all employees understand and comply with the relevant policies and procedures. With the Board as its apex, the Group initiated a three-tiered governing structure that includes cross-functional departments that best represent our business operations. The Board are supported by both Audit Committee ("AC") and Risk Management Committee ("RMC"). Both of the AC and RMC are supported by the Senior Independent Non-Executive Director and Head of Compliance Function. As the stewards of the Group's sustainable growth and value creation, the Board holds ultimate responsibility to oversees the ethical and integrity culture within the Group and provides insight and guidance on the initiatives against all forms of bribery and corruption. By having a well-defined structure, the Group can more effectively prevent and detect instances of bribery and corruption, thereby safeguarding its reputation, stakeholders' interests, and long-term sustainability.



To further demonstrate our commitment, we have embarked on an exercise to implement adequate safeguards and procedures in line with the anti-corruption laws such as the Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and any of its amendments or re-enactments. Since then, we have implemented an Anti-Bribery and Anti-Corruption ("ABC") Policy that outline our strict zero-tolerance stances towards all forms of bribery and corruption. This policy also ensure that we are well-equipped to manage and mitigate the potential risk within our business operations. ABC Policy provides information and guidance when dealing with acts of receiving and/or giving gifts, hospitality and entertainment, sponsorship and donation contribution and among others. The policy has been duly reviewed and approved by the Board and its provisions are readily available to the Board and employees through our Company's website at **www.pgbgroup.com.my**.

To ensure our new employees are well-equipped with our ethical standards, including bribery and corruption prevention, we conduct briefings on our key policies and procedures, such as the Code of Conduct and ABC Policy. We emphasise the importance of upholding ethical behaviour and integrity and encourage employees to report any suspicious activity or wrongdoing that may lead to bribery using the channels provided. We hold all employees accountable for complying with these standards and doing their part in preventing instances of bribery and corruption.

Our anti-bribery and anti-corruption commitment is also communicated to our vendors including but not limited to suppliers, contractors, consultants, agents and other business partners. An Anti-Bribery and Anti-Corruption Personnel Declaration Form need to be signed by all employees, business partners as well as board members before on boarding to ensure they are received, read, understood the details of policy. Such declaration forms shall be signed annually to reinforce our commitment and strengthen the defence under Section 17A (4) of MACC. Additionally, we conduct thorough due diligence checks on all third parties before engaging in any business with them, and we monitor them regularly to ensure they remain in compliance with our ABC policies and procedures.

In complementing the aforesaid policy, we have also implemented a Whistle Blowing Policy, which has been duly reviewed and approved by the Board. The policy clearly outlines the general process flow of managing whistle-blower's report, the investigation process, details on reporting channels, as well as confidentiality and protection clauses. This policy provides an avenue to ensure that all sources of feedbacks find their way to our attention for timely and prompt action when needed. Whistle blowers will be protected against any retaliations in response to their disclosures. Similarly, a copy of this policy is made available through our Company's website at **www.pgbgroup.com.my** for the perusal of our stakeholders.

Whistleblowing Channels

Whistleblowing form
Email to Audit Committee Chairman or Group Executive Director
Write in to Compliance Department

The Group remains committed to fostering a culture of integrity by conducting awareness campaigns and promoting regular communication. All employees are expected to read, familiarise themselves with, and strictly comply with the ABC Policy when carrying out their duties. We shall conduct internal training programmes regularly to ensure our employees remain updated with our policies. In addition, the Human Resources Department will also disseminate the latest information through email if there are any changes.

To ensure the effectiveness of our ABC approach, we conduct internal audit and risk assessments to identify and mitigate potential fraud, bribery, and corruption risks. Based on the results of these assessments, we establish and implement appropriate controls, policies, and procedures to prevent, detect and manage the identified risks. This approach is a continuous process that involves ongoing monitoring and review of our controls and procedures to ensure they remain effective in mitigating the risks of bribery and corruption. For further information on our anti-bribery and corruption assessment, please refer to the "Statement on Risk Management and Internal Control" section of this Annual Report.

Our Performance

All of our Group's operations were assessed for risks related to bribery and corruption. We conducted a thorough analysis of each operation and identified any areas that could potentially be at risk for bribery and corruption. During the current year risk assessment, we did not observe any new material or significant risks related to bribery and corruption.

During the current financial year, a refresher email related to the ABC Policy have been communicated to all employees. Throughout the year, we also provided briefing on these policies and procedures to all our newcomers. In addition, we also managed to achieve a 100% annual anti-bribery and corruption declaration from the Board, employees and business partners.

In FY2023, we are proud to announce that there were zero confirmed cases of corruption across our business operations and zero monetary losses as a result of legal proceedings associated with charges of bribery or corruption. No employees were disciplined or dismissed due to non-compliance with the ABC policy. This demonstrates the effectiveness of our stringent anti-corruption policies, practices and initiatives for the period under review. We aim to maintain this record by driving a positive culture of compliance.

There have been no major disciplinary cases reported on corruption practices that resulted in the dismissal of employees.

We received zero fines and penalties in relation to corruption from the authorities during the reporting period.

Through our comprehensive approaches, we believe that our commitment to anti-bribery and anti-corruption is essential to ensure the sustainability of our business operations while protecting the interests of stakeholders and contributing to the betterment of society.

STRENGTHENING OUR ECONOMIC OUTLOOK

At PGB, we dedicated to achieving excellence in our developments and product offerings. Our focus extends beyond purely financial considerations. We prioritise embedding the principle of sustainability into every aspect of our business operations, from our supply chain management to our day-to-day operations, to ensure that we can create a strong foundation for sustainable growth and success that benefits not only our organisation but also the wider communities we serve.

Material Matters:
- Products and Services Quality
- Economic Performance
- Supply Chain Management

SUSTAINABILITY STATEMENT (continued)

Our commitment to economic sustainability is driven by our belief that sustainable business practices benefit everyone, including our stakeholders, the wider community, and the environment. Throughout this section, we will focus on our efforts to promote sustainable economic growth through our business operations, practices and financial performance. We will elaborate on the three (3) key material sustainability matters that we have identified and provide an overview of our approach for each of these areas. By sharing our progress and achievements, we hope to inspire others to join us in our journey towards a more sustainable future for all and contribute to the prosperity of Malaysia as well as support the achievement of the UN SDGs.

a) Product and Service Quality

Why It Matters

Product and service quality is an essential consideration for companies in various industries. As consumers become more aware of the impact of their purchasing decisions on the environment and society, companies are under increasing pressure to ensure that their products and services meet high quality standards while minimising their environmental and social impact.

In PGB, ensuring the quality of products and services is an integral part of business operation, and at the heart of sustainability journey. We believe that delivering high quality products and services is critical for maintaining customer satisfaction, loyalty and a key factor in building trust with our stakeholders. This, in turn, enhances the Group's reputation and brand image, leading to repeat business and sustainable revenue streams. Moreover, focusing on quality and sustainability can drive innovation and creativity within the organisation. By continuously monitoring performance and seeking out areas for improvement, we can develop new and innovative solutions that set us apart from competitors and drive sustainable growth.

How We Approach It

We are committed to staying abreast with the latest industry trends and adopting industry best practices to enhance our capabilities, quality work practices and market competitiveness. To achieve this, we continuously seek new ways to improve our building technologies and construction methods. Our team were also given opportunity to refine their skills and workmanship by continuously attending relevant technical training programmes via internal and external learning resources to enhance quality delivery and efficient assessment for product quality. We also practise an open communication with all stakeholders across the delivery value chain to ensure we understand our customers' experience and incorporate measures to continually improve our brand and reputation in the industry.

As the quality of construction work and materials used are amongst the main concerns of consumers, Construction Industry Development Board's ("CIDB") established a system called Quality Assessment System in Construction ("QLASSIC") in 2001. QLASSIC is a scoring system or method to measure and evaluate the workmanship quality of a building construction work based on Construction Industry Standard (CIS 7:2006). Marks are awarded if the workmanship complies with the standard and summed up to calculate the QLASSIC Score (%) for a building construction project. At our company, we use CIDB's QLASSIC as a benchmark for all our property development and construction projects. The adoption of the QLASSIC demonstrates our commitment in providing workmanship quality of the highest standards.

Furthermore, the Group has implemented a system for monitoring and evaluating departmental performance during the current financial year. In particular, the Group has established key performance indicators ("KPIs") related QLASSIC score for project department to measure and track the quality of products and services offered. Through closely monitoring their performance against these KPIs, the Group can efficiently identify any areas of improvement, ensuring that they meet their set quality targets and continually enhance the quality of their products and services. This focus on quality can have a positive impact on employee engagement and motivation. When employees are proud of the quality of their work and the products and services they deliver, it can enhance their job satisfaction and contribute to overall business success.

High quality building projects ensure future marketability and improve customer confidence. Our project department diligently ensure that our projects are developed in accordance with regulatory compliance, contract specifications and guidelines. Multiple inspections including material receiving inspection, in-process inspection as well as completion inspection to the construction works are conducted to ensure the building material quality conforms to the requirements. We also periodically and proactively conduct internal audits on our construction and development activities to identify potential risk areas and opportunities for improvements.

In addition, we have also adopted ethical sourcing practices to ensure that the materials used in our products are obtained from sustainable sources. We will also evaluate contractor and suppliers from different perspective, which also include their sustainability practices, environmental, social performance. By adopting sustainable procurement practices, we can ensure that the materials and services used meet high quality and ethical standards expected by customer as well as contribute to a more sustainable supply chain. More details can refer to the "Supply Chain Management" section of this Statement.

Our Performance

The Group maintained an average QLASSIC score of 73% for our property development and construction projects, which equivalent to the industry overall mean score based on the CIDB's Analysis Defect CIS7 & QLASSIC Acceptable Score (2015-2018). We have not submitted any projects for assessment during FY2023 as none of them have been completed yet. If any new projects are completed, we will ensure they are submitted for assessment and meet the quality target set.

Our commitment to product and service quality has resulted in a track record of zero incidents of non-compliance with serious quality issues, including those that have resulted in regulatory warning, fine or penalty. This also includes fines or censures for misleading advertising, promotions or marketing information. We are committed to continually improving our processes and systems to ensure that level of quality is maintained across all of our operations.

b) Economic Performance

Why It Matters

Economic performance is a fundamental pillar of our sustainability efforts and is critical for building a resilient business that can withstand market fluctuations and economic uncertainties. By managing our economic performance effectively, we can ensure the ongoing viability of our business and our ability to meet our financial obligations, including our commitments to our stakeholders as well as contribute to the economic growth, environment and social development in Malaysia.

The performance of our economic aspects is essential for supporting our ongoing investment in and development, innovation, and sustainability initiatives. Generating strong financial results helps us reinvest in our business and creates new growth opportunities, while simultaneously advancing our wider sustainability objectives. In addition, by maintaining a solid financial position, adhering to relevant regulations and standards, and establishing reliable systems to identify and manage potential risks, we can enhance our economic sustainability. This not only benefits our business but also contributes to a more sustainable future for the industry and the communities we serve.

How We Approach It

We approach economic performance with a long-term perspective, focusing on sustainable growth and value creation. To achieve this, we are supported by a strong governance structure that prioritises ethical and responsible business practices. We fully comply with all applicable regulations, which include upholding compliant disclosures and ethical business conduct to ensure that our operations are sustainable and transparent.

A strong financial position is crucial to the long-term sustainability of the Group's economic performance. With a strong balance sheet and net cash position, we have the necessary financial flexibility to pursue strategic investments and navigate any potential economic challenges that may arise. This not only allows the Group to seize new opportunities but also maintain a balance between growth and stability. With the support from our Board, the Finance Director, the finance department to our executive-level managers, our governance structure enables the Group to effectively coordinate and monitor its business activities. Our financial performance is regularly reviewed through a multi-layered process. The finance department will prepare the budgets annually and submit to the Board for approval on the Board Meeting. Monthly management meetings we carried out to discuss the financial performance, and does a comparison between actual and budget of revenue and cost each quarter during the Board Meeting. This allow the Group to quick react to any potential adverse situations, adjust our activity levels and ensure that we are remain financially health and stable. The Management will also perform ongoing review of the process throughout the year, to monitor effectiveness and evaluate whether expenses are proceeding as forecast in the budget.

As climate change continues to accelerate, it is essential that we anticipate and manage the risks that could poses to our business operations. Our daily activity involves working closely with the environment and we must stay prepared for any environment changes that may arise in the current climate. Any unanticipated events could impede our work progress and require additional resources, leading to delays in project completion and a negative impact on operational revenue. To mitigate these risks, our team is proactive in identifying potential issues and implementing preventative measures to implement throughout the project period. We also regularly conduct client-consultant meetings to assess risks and opportunities and make sure we are fully prepared to adapt to any environmental changes.

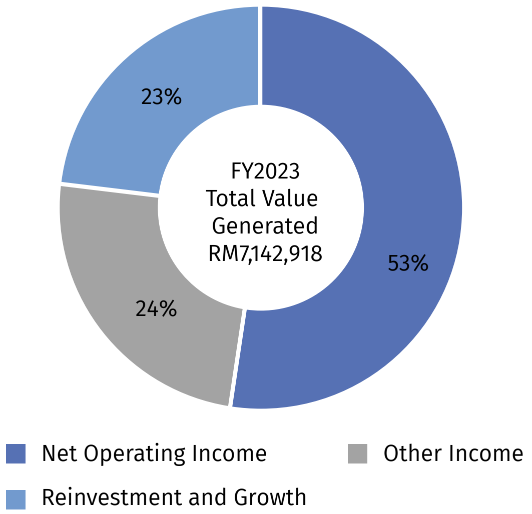
SUSTAINABILITY STATEMENT (continued)

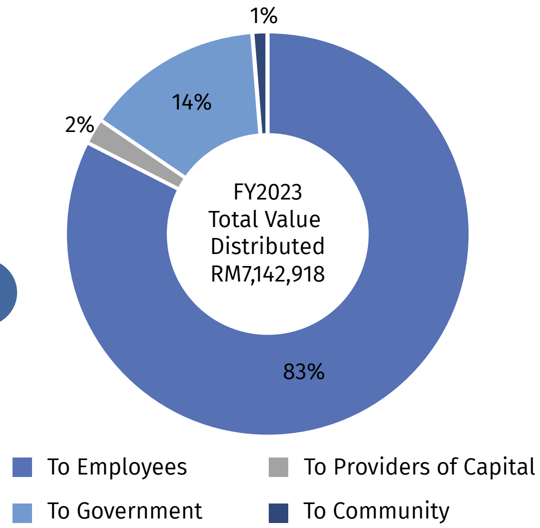
Further, PGB upholds the principles of fairness, honesty, integrity and respect in all our business operations. To uphold these values, we have implemented measures such as our Code of Conduct and Anti-Bribery and Anti-Corruption Policy ("ABC Policy"), which is reviewed periodically by our Risk Management Committee and approved by our Board of Directors. It is updated as and when necessary to ensure that it remains relevant and addresses any ethical issues that may arise within the business operation. We believe that upholding these principles is crucial for maintaining the trust of our stakeholders, enhancing our reputation, and ultimately supporting our long-term economic performance.

Our Performance

We take pride in our performance in FY2023 and remain optimistic about the future outlook for our business. Despite economic challenges, our Group has demonstrated resilience with a strong balance sheet and healthy cash flow. We are confident in our ability to navigate the ever-changing landscape and continue to thrive.

We believe in nurturing enduring connections with our stakeholders as a means of accomplishing a sustainable, long term economic expansion. As proof of our commitment, the table below illustrates the distribution of value that the Group has contributed to various stakeholders:





Value Generated

- RM3,753,470
  Net Operating Income
- RM1,746,177
  Other Income
- RM1,643,271
  Reinvestment and Growth

Value Distributed

- RM5,891,255
  To Employees
- RM147,522
  To Providers of Capital
- RM1,014,153
  To Government
- RM89,988
  To Community

Our direct economic value distributed to stakeholders in FY2023

SUSTAINABILITY STATEMENT (continued)

According to the figures presented above, the economic value distributed by the Group during the current financial year exceeds the total direct economic value generated. This reflects the Group's commitment to investing in its stakeholders and the wider community. By distributing economic value to a range of stakeholders, including employees, customers, suppliers, and the broader community, the Company aims to build strong and sustainable relationships that create long-term value for all parties involved.

More details on the economic performance of the Group can be found in the “Five-Year Financial Highlights”, “Management Discussion and Analysis” and “Financial Statement” sections of this Annual Report.

c) Supply Chain Management

Why It Matters

Supply chain and procurement practices are of paramount importance to every company on various aspects of the business. Effective supply chain management ensures a smooth flow of products and services, reduce lead times, enabling timely delivery and enhance customer satisfaction. It also has a direct influence on the financial performance of the Group. By strategically selecting suppliers, negotiating favourable contracts, and implementing cost-effective procurement processes, we can mitigate the risks associated with disruptions, achieve cost savings and improve our bottom line and ultimately, the quality of our products.

Furthermore, in today’s globalised and interconnected world, supply chain can significantly impact the Group’s reputation and brand image due to the increasingly expectation in upholding ethical and sustainable practices throughout supply chain from customers and stakeholders. By implementing responsible procurement practices, including ethical sourcing and fair labour standards, the Group can enhance its reputation, build trust with customers, and attract socially conscious investors. As such, by integrating sustainability into supply chain operations, the Group can enhance their competitiveness, build resilience, and contribute to a more sustainable and equitable future.

How We Approach It

Sustainability is integral to the foundation of our supply chain in our endeavours to minimise environmental harm whilst having a positive impact on the people and communities in and around our operations. Our supply chain sustainability management best practices extend beyond going green and focus on creating a cascade of sustainable practices that flows smoothly throughout our supply network. By collaborating closely with suppliers and contractors who share our vision, we ensure that the social and environmental impacts of their operations are minimised, in addition to addressing traditional supply chain concerns related to revenue and profit. Our approaches enable us to create a resilient and sustainable supply chain that aligns with our values and drives positive change.

In our endeavour to build trust and generate long-term benefits for all stakeholders across our supply chain, the Group’s values and principles are extended to all third parties. All of our suppliers and contractors are required to abide by the PGB’s related policies, including Anti-Bribery and Anti-Corruption Policy and Conflict of Interest and Related Party Transaction Policy. Both policies serve as a guiding framework that sets out the expectations for suppliers and contractors throughout the supply chain, ensuring they adhere to the relevant laws and regulations. Through our commitment to both policies, we foster an environment of ethical practices and create a strong foundation for responsible and sustainable supplier relationships, where integrity and respect are upheld throughout the supply chain. A copy of “Anti-Bribery and Anti-Corruption Declaration Form” and “Conflict of Interest Declaration Form” also shall be furnished, acknowledged and committed by our supply chain partners.

Our newly approved Sustainable Procurement Policy prioritises sustainability throughout the supply chain and provide a guide to our supply chain partners’ procurement activities for the Group. We engaged our suppliers, contractors and service providers through this policy to protect our supply chain and ensure our practices are aligned with local and international regulations and standards.

SUSTAINABILITY STATEMENT (continued)

ECONOMIC

Supporting the local economy

The Group prioritises locally sourced materials and local supply chain partners in the interest of creating domestic economic growth, creating employment opportunities, and mitigating adverse environmental impacts in our operational areas.

ENVIRONMENT

Environmental consideration

The Group expects its supply chain partners to be respectful of their interactions with the environment by minimising their environmental impact through best practices and adherence to all applicable environmental legislation.

SOCIAL

Social responsibility

The Group expects its supply chain partners adhere to both local and international occupational health and safety standards as well as practicing good governance, treating employees with dignity, and caring for the community at large.

GOVERNANCE

Ethical business practices

The Group expects its supply chain partners to conduct their business with integrity, transparency, and ethical practices. They should have policies in place to prevent bribery, corruption, and conflicts of interest.

Under this policy, our procurement from the supply chain partners is guided to ensure all materials and services procured meet appropriate quality, pricing and environmentally friendly. Furthermore, the Policy also outlines the Group's commitment to uphold fundamental rights by eliminating all inappropriate conducts and practises, such as child labour, forced labour, workplace bullying, discrimination, sexual harassment, intimidation, and victimisation. The policy has been duly reviewed and approved by the Board as at 18 July 2023 and its provisions are readily available through our Company's website at **www.pgbgroup.com.my**.

Scan here for more information on our Sustainable Procurement Policy

Selection

A pre-qualification screening process will be undergone for potential or new supply chain partners. Those who are successfully selected will be registered on the approved supplier list.

Evaluation

Evaluating suppliers and contractors based on financial and non-financial performance evaluation.

Monitoring

Annual assessment or post project basis performance evaluation of suppliers and contractors based on a set of criteria score chart.

We source for new contractors to expand our pools of suppliers. A pre-qualification screening process will be undergone for transaction with potential or new supply chain partners which include due diligence and background checks to ensure they are duly formed and in good standing, with sound corporate governance. Supply chain partners which meet the requirements will be added to an approved list.

SUSTAINABILITY STATEMENT (continued)

PGB awards contracts to contractors who meet the expectations and standards of our thorough and extensive tender selection that involves financial and non-financial performance evaluation, including quality, delivery capacity and pricing. Further, we also paid close attention to their compliance towards safety obligations and requirements on good practices of human rights. Based on our Standard Operating Procedures ("SOP"), only screened contractors with good track records will be shortlisted and called to participate in our tender process. Once tenders have been submitted, Tender Committee ("TC") which consists of the Executive Chairman, Senior General Manager, Finance Director and head of the contract department will perform the careful review process to decide on the preferred tenderers. Preferred tenderers will call for interview to re-assess their capability and relevant experience in the industry. A Tender Award Confirmation ("TAC") will be prepared to recommend the suitable contractors by the contract department and seek the approval from Senior General Manager and Executive Chairman.

Annual or post project basis performance evaluations on our existing suppliers and contractors are conducted to ensure their practices are in line with our values and possesses the continued competency and ability to meet project and quality requirements for future developments. Suppliers and contractors are assessed based on a set of criteria score chart, on top of assessments on their performance in areas including price, quality, service, delivery, documentation and safety compliance, among others. The contract department will maintain, update or remove the capable suppliers and contractors list based on the evaluation and scoring results.

At PGB, we continue to advocate and support local economic development through actively promoting local procurement by sourcing from established local suppliers in all our business operations. Besides supporting local scene, we are not only contributing to the development of the local economy and employment opportunities domestically but also lessen our carbon footprint as transport needs are greatly reduced. We also stand to benefit from various factors through local procurement, such as faster delivery, better quality control, better budget forecasting and risk mitigation from reduced currency exchange fluctuations.

In our journey towards constructing sustainable and green developments and buildings, we integrate sustainable construction materials into our developments. Our aim is to embrace the future of construction by minimising environmental impact and reducing the overall cost of building operations. We work together with our contractors and consultants on the material sourcing options and decisions. We actively seek out alternative materials that are environmentally friendly, such as recyclable raw materials, as they contribute to reducing the carbon footprint associate with material sourcing while ensuring material durability. Furthermore, we also choose to use products with low volatile organic compounds in order to minimise the amount of toxins, gases and chemicals released into the environment, such as those found in paint, cleaning supplies, pesticides, building materials and adhesives.

Our Performance

There were no instances of non-compliance with laws and regulations in the social and economic areas during the current financial year. We consistently refine our procedures to align with specific site requirements, ensuring that we achieve full compliance with all regulatory and statutory obligations.

In FY2023, 100% of our suppliers and contractors were local companies whose businesses were registered in Malaysia. We aim to retain the cost effectiveness and give priority to locally sourced materials and resources to reduce our contribution to carbon emissions and to minimise the risk of disruptions to our supply chain.

	FY2021	FY2022	FY2023
Proportion of expenditure on local suppliers and contractors (%)	100[1]	100[1]	100[1]
Proportion of local suppliers and contractors (%)	100[1]	100[1]	100[1]

Note
[1] *Including suppliers and contractors from all business segments.*

This year, we have conducted the annual performance evaluations to assess the performance of 5 selected supply chain partners. Based on the assessment, all of the suppliers qualified with good outcomes and shall remain to kept their record in the file. We will continue strengthen our governance and initiatives to further demonstrate our commitment to achieving sustainability practices in our supply chain management.

MINIMISING OUR ENVIRONMENTAL FOOTPRINT

With a firm commitment to environmental stewardship, the Group priorities to reduce our environmental footprint by proactively implementing resource-efficient practices, minimising wastage, while simultaneously fostering a culture of sustainability throughout every facet of our business operations. We strive to lead the way towards a greener future, where the needs of the present are met without compromising the ability of future generations to thrive on a healthy and thriving planet.

Material Matters:

- Waste Management

SUSTAINABILITY STATEMENT (continued)

Environmental sustainability is a pressing global concern due to population growth and human activity continues to accelerate. The sheer magnitude of waste generated in our modern society has reached alarming levels leading to severe strains on ecosystems and vital resources while also posing risks to human health. PGB demonstrated our commitment to preserving the environment by upholding the best practices of environmental management as one of the key themes within our sustainability strategy. This section explores the key sustainability matter associated with waste management, highlighting the importance of responsible consumption, which involve making conscious choices to reduce waste generation and minimise the impact on environment. We aim to shed light on innovative strategies and policies that can foster a more sustainable approach to waste, collectively work towards a more environmentally sustainable future.

Waste Management

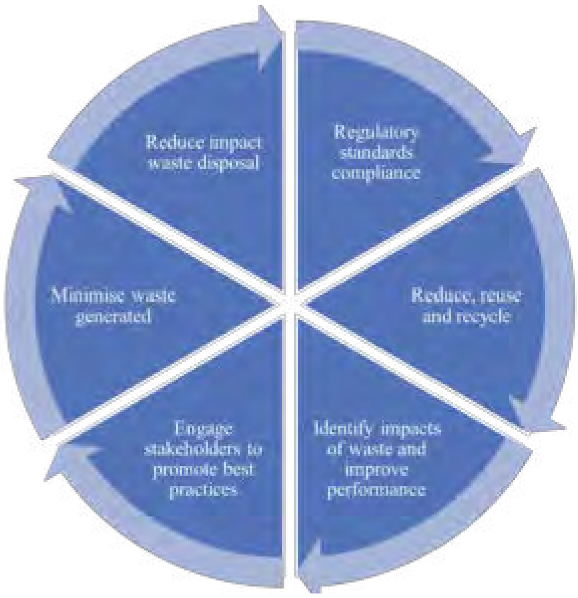
Why It Matters

Waste management holds significant importance with the growing emphasis on environment sustainability. With the increasing awareness and concerns about climate change, pollution, and resource depletion, stakeholders, including customers, investors, and the community, expect us to adopt responsible waste management practices. By implementing sustainable waste management strategies, such as waste reduction, recycling, and proper disposal, we can contribute to preserving the natural environment, protecting biodiversity, and minimising pollution.

Furthermore, waste management is closely tied to regulatory compliance in Malaysia. The country has regulations and guidelines in place to govern waste management practices, including the proper disposal of hazardous waste. As a responsible company, we understand the importance of adhering to these regulations to ensure legal compliance and mitigate the risk of penalties or legal issues. By proactively addressing waste management, we demonstrate our commitment to operating ethically, responsibly, and in alignment with local laws and regulations. At the same time, we recognise our duty as a responsible corporate citizen to play an exemplary role in protecting our planet for future generations.

In acknowledgment of the significance of environmental conservation, the Group has actively pursued the development and implementation of environmentally friendly strategies. The Group is guided by the waste management principles which emphasises effective monitoring and reporting of our performance across our business operation.

Waste Management Principles



Our waste management approach starts with prioritising compliance with all relevant statutory and regulatory bodies that govern waste disposal. To this end, the Group have delegated the responsibility for maintaining oversight to Sustainability Steering Committee and have put into place ongoing efforts to assess the levels of waste that are being generated and recycled. This has enabled us to keep a keen eye on our ongoing waste management activities and provides us access to insights on potential actions that may maintain and enhance our performance over time. We hold discussions on these matter during our monthly sustainability committee meetings. The findings and proposals generated from these discussions help shape our waste management strategies and guide our actions. By actively engaging in these deliberations, we promote a culture of sustainability and foster continuous improvement in our waste management practices.

SUSTAINABILITY STATEMENT (continued)

Waste Management Hierarchy

The European Union has introduced a more comprehensive and efficient framework that prioritises the waste management actions according to their importance. The objective of this strategy is to derive the maximum value possible from the products and materials while generating the least amount of waste. We are committed to adhering to this framework and are guided by the waste management hierarchy that ranks our waste management priorities, which enables us to manage waste and protect our environment.

The fundamental approach towards our waste management process is to prioritise waste prevention. PGB recognises that raising awareness and knowledge are vital in achieving effective prevention. Hence, we actively promoting environmental awareness for sustainable consumption and responsible waste management within the Group. Employees are encouraged to develop habits on certain simple green practices:

- Segregation of non-recyclable waste and recyclable waste;
- Minimise the usage of paper through practices such as favouring double-sided printing, favouring the use of soft copies, print physical copies only when necessary;
- Replacing paper with digital communication;
- Switching off lights and air conditioning after office hours; and
- Reducing the single-use plastic items.

Our approach to reduce paper consumption and waste generation across our operations through the progressive adoption of digitalisation. Usage of electronic platforms and email as efficient alternative modes of communication with our suppliers and customers and for our day-to-day internal operations, leading to an overall decrease in paper consumption. Our team also moved away from promoting properties via traditional print channels, and instead have begun to rely more on digital media for their marketing needs. During the current financial year, we also practiced to reduce the usage of paper towels in our offices, by discontinuing the provision of disposable hand paper towels and encouraging employees to use the hand dryers that were installed in the common restrooms.

Further to this, we have implemented a practice of material reuse throughout all aspects of our business operations. The waste is segregated based on its individual categories and material which can be reused will be converted into items of various functions. Through our efforts, we believe that waste can be given a second chance prior to its final disposal. An illustrative example of our commitment to material reuse is evident in the way we handle festive decorations. We actively reuse these items if they are in good condition.

We strongly believe that the positive impact of our recycling initiatives can be enhanced by actively involving our employees. Therefore, we consistently advocate recycling practices amongst employees through engaging the philosophy of Reduce, Reuse and Recycle ("3R"). With well-established practices for paper and plastic recycling across the Group, we have more recently expanded our focus to address the challenge of electronic waste ("E-waste"). Due to exponential growth within the electronics industry coupled with shorter product lifespans, E-waste is now one of the fastest growing waste categories worldwide. This concerning trend is exacerbated by the potential release of toxic substances into the environment from improperly disposed electronic devices. To play our part, we have introduced dedicated E-waste bins and launched an awareness campaign among our employees to encourage E-waste recycling.

SUSTAINABILITY STATEMENT (continued)

Scheduled wastes are classified as hazardous and have the potential to cause adverse impacts on the environment and public health. At PGB, we strictly adhere to local laws and regulations governing the management and disposal of scheduled wastes. These wastes are carefully stored in designated areas at our project sites and are clearly labelled with guidelines and specifications for proper handling. Licensed contractors are appointed to dispose of scheduled wastes at designated treatment facilities to ensure safe disposal.

We aim to dispose the waste safely, prioritising non-hazardous waste recycling whenever possible. As such, we are committed to ensuring the storage, collection, transportation, treatment and disposal of wastes are carried out efficiently without polluting the environment. Looking ahead, our Group remains dedicated to implementing effective measures to minimise excessive waste generation and divert our waste away from landfills. We strive to continually improve our waste management practices to achieve sustainable outcomes and contribute to environmental preservation.

Our Performance

At the very minimum, we collect paper, plastic, bottles and cans, which are collected every month by a dedicated vendor.

In addition, there were no incidences of non-compliance and penalties or fines taken against the Group in relation to waste and effluent and environmental related aspects during the financial year under review. Actions and steps were taken to ensure relevant environmental factors remained within the regulatory requirements of our operations.

We continue to leverage on digitalisation to minimise waste and conserve resources. Our digital transformation initiatives which contribute to reducing paper usage include the Group's annual report will be distributed in soft copies and are published on our Company's website at **www.pgbgroup.com.my**. Physical copies of the annual report will only be provided upon request by shareholders. Further, we began tracking the Group's printing and paper procurement costs at our offices in FY2023.

We will continue to evaluate our operations to identify new opportunities where we can incorporate practical sustainability initiatives and enhance our performance in waste management.

Starting from FY2024, the Main Market listed issuers on Bursa Malaysia have an obligation to disclose information regarding the total waste generated by their operations, including the breakdown of waste diverted from disposal and waste directed to disposal. PGB acknowledges this requirement and will fulfill its obligations accordingly within the specified timeframe.

	FY2023
Number of reams procured	172
Annual procurement cost on paper ream (RM)	RM2,062
Annual cost on printing (RM)	RM9,975

VALUING OUR PEOPLE AND COMMUNITY

At our organisation, we are committed to respecting human rights while placing a strong emphasis on employees' safety, personal growth, and promoting the development of a diverse and inclusive workforce. We also actively engage in community development programmes to contribute to the well-being of the communities we operate in. By fostering a culture that values these principles, we aim to drive the success and sustainability of our organisation while creating positive social impact and building stronger, more resilient communities.

Material Matters:

- Employee Engagement and Development
- Occupational Safety and Health
- Diversity and Inclusion
- Community Development and Programmes

SUSTAINABILITY STATEMENT (continued)

PGB places equal emphasis on addressing social impact as much as we look to address environmental impact. We aim to generate positive social impacts by nurturing strong relationships with our employees and the communities where we operate. In this section, we will elaborate on our approach to these areas, showcasing our commitment to promoting employee engagement, embracing diversity and inclusion, ensuring occupational safety, and actively engaging with and contributing to the development of the communities we operate in. By promoting a sense of unity and creating sustainable communities, we envision a united family that lives, learns, works, and plays together.

a) Employee Engagement and Development

Why It Matters

As the talent of our workforce is at the heart of the Group's ability to create value, encouraging employee engagement and development is one of the top focuses at PGB. During challenging times such as the current disruptions from the prolonged COVID-19 pandemic, we believe that engaging with our employees is more important than ever. Apart from enabling us to meet the changing needs and satisfaction of our people, it also allows us to retain talent and drive transformation and sustainable growth.

Businesses are pivoting and evolving as organisations strive to adapt to disruptions from the pandemic. As such, it is important for us to ensure that our employees are stay updated with the latest industry knowledge and upskilled. Investing in employees enable us to nurture a culture of innovation and continuous improvement, serving as the foundation for the long-term sustainability of our business operations. Ultimately, our reputation as a progressive and equitable employer will also allow us to attract and retain talent that can maximise the potential of the opportunities into new markets and business segments.

How We Approach It

As part of the Group's commitment to cultivating a vibrant work culture that promotes effective communication among employees, we consistently organise employee engagement initiatives and activities. These encompass a wide range of channels, including social gatherings, sports activities, festive celebrations and more. These initiatives reflect our Management's dedication to fostering an enriching and fulfilling work-life experience for our staff, while also encouraging them to maintain a healthy balance between their professional and personal lives. By providing such programmes and activities, we aim to enhance our staff's motivation and well-being, create an exciting workplace environment, and strengthen camaraderie and relationships among our team members.

We firmly believe that fair employment practices lead to favourable business outcomes. We recognise and appreciate the significance of our employees' contribution and we are committed to ensure that our employees are properly and fairly rewarded. The Group is constantly reviewing our remuneration and benefits structure against industry best practices to ensure employee well-being is looked after and their needs are met. An array of employee benefits which are above the minimum legal requirement and at par with best practices standards are provided to our employees. This includes various types of leave, flexi-wellness, allowances, insurances and others as stated below.

Type of Benefit	Details
Leaves	Annual Leave, Medical or Hospitalisation Leave, Marriage Leave, Maternity Leave, Paternity Leave, Study Leave and Compassionate Leave
Flexi-Wellness	Pre-Employment Medical Check-up, Vaccination and Gym Membership
Allowances and Subsidies	Interest Subsidy Allowance, Parking/Toll Allowance, Petrol Reimbursement, Outstation Meal Allowance, Mobile Phone Allowance, Outpatient Medical Benefits, Business Travel Expenses Reimbursement and Professional Membership Subsidy
Insurances	Group Hospitalisation and Surgical, Group Personal Accident
Others	Car Park Facility and Allocation of Free Lunch

Furthermore, the Group is committed to conducting an annual employee's survey. This survey provides a valuable opportunity for employees to give their feedback, share their opinions and express their experiences within the organisation. It also serves as an essential engagement tool for the Group, allowing us to gain insight into employees' perceptions and areas for improvement in the workplace. By prioritising employee satisfaction and evaluating their needs and desires, the Group aims to enhance employee's engagement, resulting in increased retention rates, lower absenteeism, improved productivity and higher employee morale.

We conduct performance review annually for our employees in order to inform our talent retention and succession planning activities. During the financial year, the Group has enhanced our performance appraisal process by evaluating employees based on their individual key performance indicators ("KPIs"), which aligned with the Group's vision and mission. At PGB, we employ an e-Appraisal system through Sandmerit KPI System, involving an evaluation process of the employees by their immediate superiors and department heads. This e-appraisal serves as a two-way communication platform, allowing us to receive feedback from employees on work-related issues and track the performance of each of our talented individuals.

Mindful that learning is a life-long endeavour, we support our employees as they progress along their individual paths through continuous training and development strategies, succession planning and learning opportunities. Continuous training and development not only increase employee satisfaction but also engendering a sense of belonging and value within the Group. We provide all employees with equal opportunities to enhance their knowledge and capabilities, allowing them to adapt to the ever-changing requirements and demands within the industries. We actively encourage employees to engage with various learning and development opportunities that align with their professional aspirations. This is accomplished through a range of internal and external training programs. They have also been given the flexibility to select the programmes they wish to attend after discussion with their department head and in accordance with their skill requirements.

We strongly believe in fostering open and transparent communication with our employees. We actively encourage them to share relevant feedback regarding their employment through various channels. These channels include reporting grievances to their immediate superiors or the Human Resource Department ("HRD"). The Group acknowledge and address all types of grievances, encompassing concerns related to sexual harassment, any form of discrimination, abuse, violence, human rights violations, or hazardous work environments. Every reported grievance receives the utmost attention and care, and we ensure a thorough investigation takes place until a comprehensive resolution is reached. This commitment demonstrates our dedication to creating an environment that values feedback and aligns with our social and corporate responsibility objectives, while remaining responsive to the needs and concerns of our employees.

The Group values the loyalty and dedication our employees give us in their work. This year, we celebrate those who have been working with us for over five (5) years by presenting to them the Long Service Award to commemorate their achievements and to thank them for their commitment to the growth of the Group. The award recognises the determination and effort employees have demonstrated during their time with us and encourages them to look forward to more accomplishments in the upcoming years. We will continue engaged with our employees to create a positive and fulfilling work environment where employees feel valued, motivated, and inspired to contribute to the organisation's success.

Our Performance

The Group not only adheres to the minimum wages' requirements mandated by local laws but also ensures that employees' wages are commensurate with their skills, experience and performance. At PGB, we go above and beyond by providing wages that exceed the minimum wage for all our staff members.

Throughout the year, a range of engagement activities being conducted with aim to enhance the connection between employees and the organisation, encouraging a sense of belonging and loyalty. Here are some highlights of the Group's staff engagement activities which took place during the current financial year:

SUSTAINABILITY STATEMENT (continued)


Christmas Party


Bowling and Dinner Gathering


Archery Game


Chinese New Year Luncheon


Movie Night


Chinese New Year Celebration

SUSTAINABILITY STATEMENT (continued)

This is the second year that the Group has conducted an employee survey, with a participation rate of 100% for all corporate offices. The survey has yielded valuable statistics and insights based on the feedback gathered, which are outlined below:

Question:
Whether you are satisfied with your current salary?

86% of employees are happy with their remuneration.

Question:
How would you rate the Company as a place to work?

90% of employees are satisfied with their current working environment.

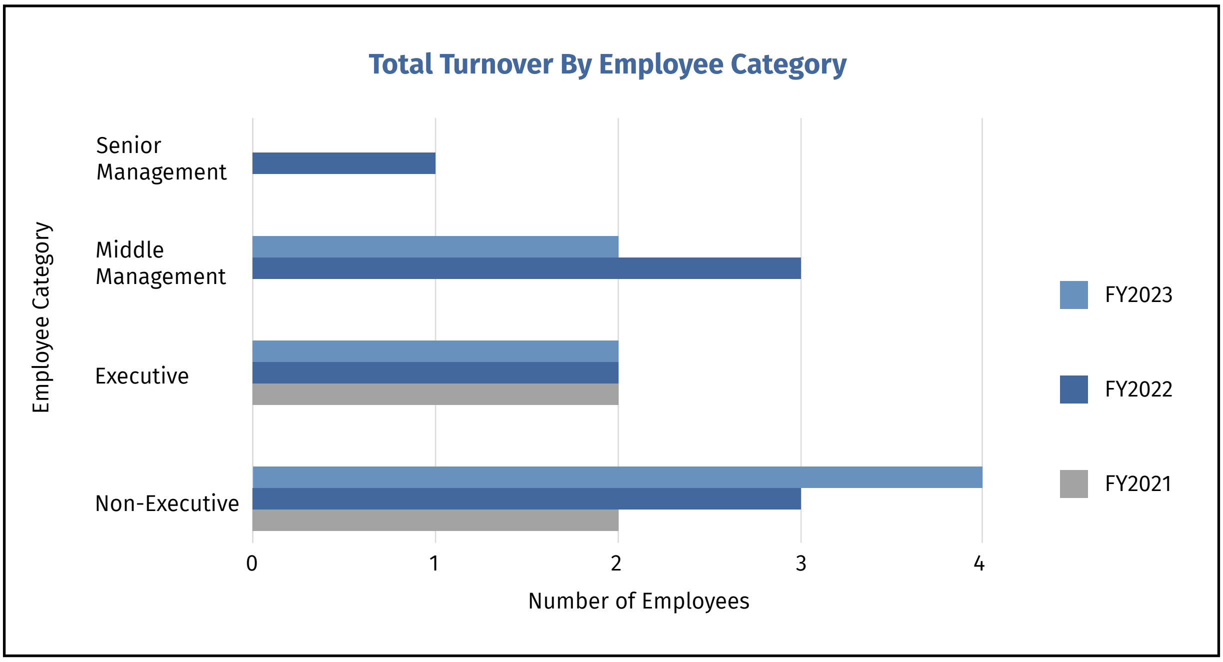
Question:
Whether you are satisfied with the training opportunities?

93% of employees are satisfied with the training opportunities given.

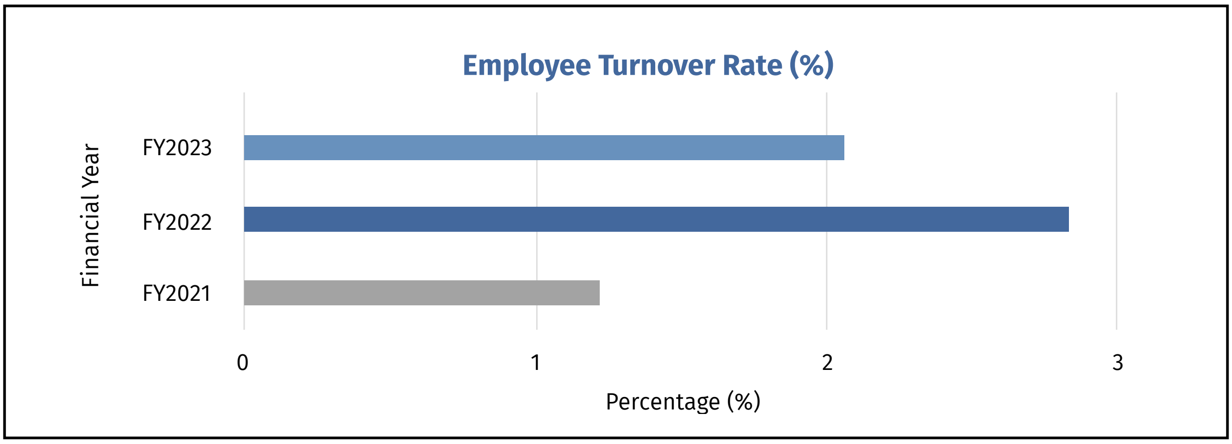
The feedback obtained from the survey allows the Group to track and measure the progress of our engagement with employees year by year. Investigation and interview will be carried out by the Management to identify improvement areas and address accordingly to close the gaps of the results.

This year, 100% of our employees underwent performance appraisals.

In this reporting period, one (1) employee took maternity leave, and there was also one (1) employee who took paternity leave. Both employees successfully returned to work after completing their respective leaves. Furthermore, our turnover rate has remained steady and healthy rate over the past three (3) years. Moving forward, we will continue to enhancing employee engagement, strengthening their connection to the organisation, providing a positive and enjoyable workplace environment for all our employees.



SUSTAINABILITY STATEMENT (continued)

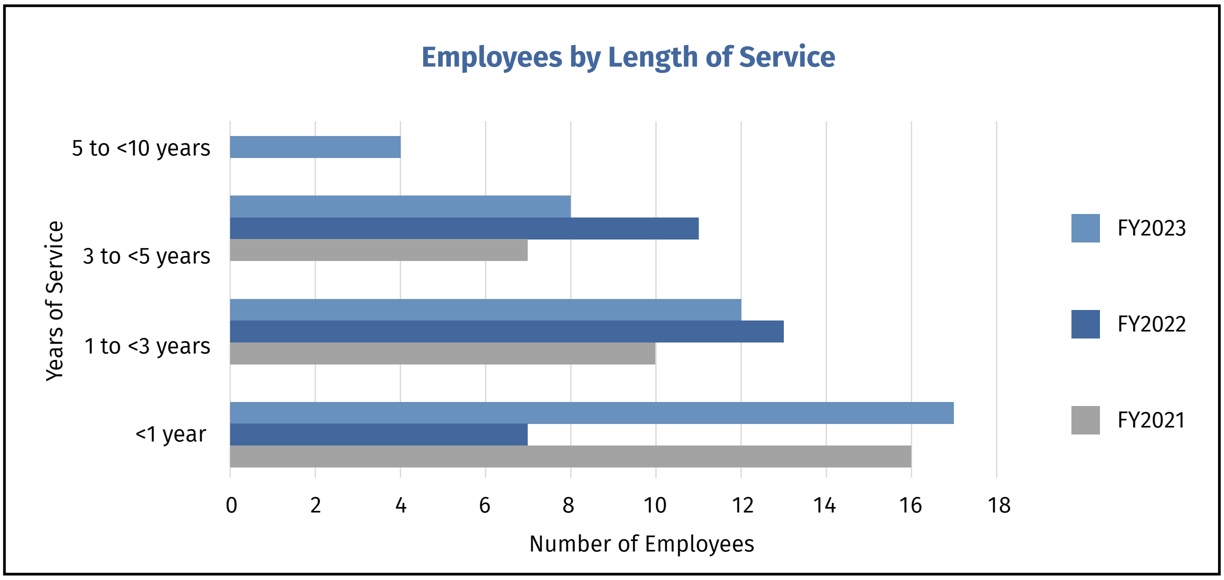


During the first half of FY2023, our training programmes were primarily conducted virtually using application such as ZOOM, Microsoft Teams and other e-learning platforms due to the COVID-19 restriction. However, as restricted eased, we were able to resume physical training programmes. In total, we provided 705 training hours, averaging 16 training hours per employee, demonstrating our commitment to employee development. The Group covers all training costs, and where applicable, funds contributed to the Human Resource Development Fund ("HRDF") is utilised to encourage and support staff training on an annual basis.

	FY2021	FY2022	FY2023
Total Training Hours	140	270	705
Total Training Hours – by Gender			
• Male	28	109	377
• Female	112	161	328
Average Training Hours – by Gender			
• Male	2	6	21
• Female	6	10	13
Total Training Hours by Employee Category			
• Senior Management	35	95	286
• Middle Management	84	140	397
• Executive	21	35	11
• Non-Executive	-	-	11
Average Training Hours by Employee Category			
• Senior Management	7	19	48
• Middle Management	8	14	36
• Executive	2	4	1
• Non-Executive	-	-	1
Total Amount Invested in Employee Learning and Development (RM)	6,892	11,990	35,897

SUSTAINABILITY STATEMENT (continued)

During FY2023, we proudly recognised the dedication and commitment of four (4) employees, including Executive Directors, who were honoured at the Long Service Award ceremony for their significant contribution to PGB. It is noteworthy that 10% of our employees have remained with the Group for more than five (5) years, highlighting their long-standing loyalty and dedication. As an organisation, we will continue our steadfast efforts to retain our talented workforce and recognised as an exceptional place to work.




Dato' Sri Edwin presents the award to Dato' Sri Godwin.


Dato' Sri Edwin presents the award to Mr. Tan Hui Boon.


Dato' Sri Edwin presents the award to Eileen Tey Yee Lin.


Dato' Sri Godwin presents the award to Dato' Sri Edwin.

SUSTAINABILITY STATEMENT (continued)

b) Occupational Health and Safety

Why It Matters

Health and safety are a matter of high significance at PGB. It is a moral obligation to ensure the well-being of our employees. We value their lives and strive to provide a safe working environment where they can thrive and perform at their best. By prioritising employees' health and safety, we demonstrate our commitment to their overall well-being, creating a positive and supportive work culture.

Health and safety also directly impact our business performance. A safe working environment reduces the risk of accidents, injuries, and occupational illnesses, minimising disruptions to our operations and maintaining productivity. It also reduces absenteeism and turnover rates, as employees feel secure and valued. Moreover, by investing in health and safety, we mitigate potential legal liabilities and reputational risks associated with non-compliance. As such, we are committed to going beyond the requirements of regulations alone and strive to stand as an example of best practices in health and safety within our industry as a whole.

How We Approach It

Being in the property development and construction businesses, the nature of our business exposes our employees and contractors to various types of occupational health and safety ("OHS") risks. It is our obligation and responsibility to take every precaution to prevent accidents, injuries, occupational illnesses, damage to properties and any adverse effect on the environment, and to protect them from exposure to health or safety risks. In this regard, we place a strong emphasis on the execution of OHS practices, risk management, prevention of rules violation and inculcation a strong safety culture in our operations. PGB also expects all our supply chain partners to have the same commitment.

As we move from the pandemic to the endemic phase, the Group remains committed to sustain a safe working environment and reduce the risk associated with COVID-19. In response to this, we have establishing series of preventive measures aimed at minimising the potential risk of exposure faced by our corporate employees:

- Encouraging the maintenance social of distancing;
- Requiring all employees and visitors to wear face masks in enclosed areas;
- Providing sanitisers in the corporate offices;
- Supplying Rapid Test Kit ("RTK") to all corporate employees, who are required to conduct the antigen test on bi-weekly basis; and
- Allocating free meals in individual packaging to corporate employees.

The Group has established an Occupational Health and Safety Policy ("OHS Policy") to govern the relevant OHS practices at our business operations in which all employees and contractors abide. This policy serves as a guide for all individuals involved in our operations to understand their responsibilities and contribute to a culture of safety.

Principles of Health and Safety Policy

Leadership and Commitment	Hazard Identification and Risk Assessment	Emergency Preparedness and Response
OHS Training and Awareness	Incident Reporting and Investigation	Supplier and Contractor Engagement

Our OSH Policy clearly outlines the key areas of commitment to prevent all types of accidents and health hazards in the course of performance of duties as well as to ensure safe and healthy workplaces. The Policy entrusts and empowers our Board in maintaining oversight on all health and safety risks present within our operations. The OSH policy has been duly reviewed and approved by the Board as at 18 July 2023 and is available on our Company's website at **www.pgbgroup.com.my** for easy accessibility.

Scan here for more information on our OHS Policy

SUSTAINABILITY STATEMENT (continued)

For our property and construction segment, health and safety requirements are included in the contract documents for all the projects. Contractors are responsible for the health and safety of their workers on all sites and ensure various measures. They are guided by a health and safety framework at the project sites. The framework provides a structured management approach to control and reduce safety and health risks in the workplace. Some key elements of the framework which required our contractors to establish are as follows:

- Appointment of a Safety and Health Officer ("SHO") who is responsible for overseeing and implementing health and safety measures at the project site. The SHO is also responsible for conducting regular inspections to identify potential hazards, ensuring compliance with safety regulations, and promoting a safe working environment for all workers and sub-contractors. SHO also ensuring documentation relating to safety training, injuries, accidents, and hazards are complete and properly stored;
- Weekly Health, Safety, and Environment ("HSE") Committee meetings and compliance site inspection;
- Regular risk assessments should be conducted to identify potential hazards and evaluate their associated risks;
- Adequate OHS training programmes should be provided to workers to ensure they have the knowledge and skills to work safely;
- A system for reporting and investigating incidents and accidents should be established to identify the root causes, implement corrective actions, and prevent future occurrences; and
- An emergency response plan ("ERP") which specifies the procedures for handling all types of emergencies that may occur during the project implementation.

Furthermore, in accordance with the Occupational Safety and Health Act 1994, we shall establish Health, Safety and Environment ("HSE") committees that consist of a chairman, secretary, as well as employer and employee representatives at every operating site for which we are responsible. The HSE committee meetings are chaired by the Project Manager along with multi-discipline management representatives appointed by the chairman for their operational knowledge and responsibilities in decision-making. The committee will have various responsibilities, with the primary focus on:

- Reviewing HSE statistics and performance related to health, safety, and environmental performance to identify trends, areas of improvement, and potential risks;
- Review and investigate incidents and accidents that occur in the workplace, examine the root causes, identify lessons learned, and develop strategies to prevent similar incidents in the future;
- It serves as a forum for employees and management to discuss and provide feedback on health, safety, and environmental matters;
- Promoting safety awareness among employees through safety talks, awareness campaigns, and other initiatives; and
- Conducting regular site inspections to identify potential hazards, unsafe conditions, or non-compliance with safety protocols.

Risk identification and hazard management forms a key component of our health and safety framework as it significantly reduces the possibility of workplace accidents and incidents occurring. Thus, we implemented weekly/fortnightly safety inspections and toolbox meetings to identify hazards and risks that may cause potential harm and ensure compliance with safety standards and protocols. If any risk is identified, employees must report it to the relevant safety team based on the established accident/incident procedure. The HSE Committee then discusses the reported risks during their meeting, and follow-up action and mitigation plans are established.

Safety inspections include the inspection of tools, mobile crane, fire protection, personal protective equipment ("PPE") usage, permit to work ("PTW"), and other relevant health and safety management processes. The weekly safety toolbox meetings were conducted at the project sites with the involvement of project management team, site engineers, other employees/workers on sites. These meetings serve as a platform for ongoing training and education on safety practices, discussing relevant safety topics, addressing potential hazards, and sharing the best practices to ensure safe working environment. It also encourages employees to actively participate, ask questions, provide feedback, and share their experiences or observations related to safety.

SUSTAINABILITY STATEMENT (continued)

Mobile Crane Inspections

Safety Toolbox Meeting

Safety Induction

We prioritise the prevention of accidents by actively encouraging the reporting of health and safety incidents, complaints, and non-compliance through our dedicated reporting channel. This channel provides a safe space for employees to provide input without fear of retaliation, driving safety improvements and continuous enhancement of our workplace health and safety performance. Incidents reported trigger thorough investigations to identify root causes and develop action plans that are monitored for implementation, preventing the recurrence of similar incidents or accidents.

PGB maintain open and constant communication regarding health and safety matters through various channels such as email, videos, and strategically placed notices at our project sites. In order to be inclusive, we acknowledge the different languages spoken by the foreign workers and subcontractors and make significant efforts to engage with them effectively. We distribute information, including health and safety updates, in English, Bahasa Malaysia, and the native languages of our foreign workers and subcontractors.

As enshrined in our OHS Policy, we are committed to promoting awareness among our employees by providing adequate training and resources to ensure their competency and equipping them with the appropriate tools to remain fully compliant and safe at all times. We believe that allocating time and effort to OHS bestows us with a competitive advantage and secures long-term benefits. In addition to the external training conducted by third party providers, we conduct additional training through our internal OHS experts, furnishing our employees with the knowledge and skills required to fulfil their responsibilities in a healthy and safe manner.

The Group implement additional initiatives to enhance the safety of our employees. Our offices and sales galleries are equipped with emergency response equipment such as first aid kits and fire extinguishers. Additionally, we provide access to a wide range of non-occupational medical and healthcare services, such as free vaccination, annual gym coverage and financial support for hospitalisation through our Group insurance. We also maintain the confidentiality of our employees' health and safety data to protect their privacy and comply with applicable laws and regulations.

Our Performance

With the above controls put in place, we are pleased to report there were no serious injuries and incidents or fatalities within the Group or attributable our sites managed by contractors for the financial year under review. In addition, there were also no major legal action taken against the Group nor any fine or monetary sanction imposed related to occupational safety and health aspects during the financial year under review.

A summary of the Group's safety performance is presented as follows:

	FY2021	FY2022	FY2023
Total Workman Hours	226,920	64,880	126,760
The Group			
Number of fatalities	0	0	0
Number of work-related injuries	0	0	0
Lost time incident rate (%)	0	0	0
Contractors			
Number of fatalities	0	0	0
Number of work-related injuries	0	0	0
Lost time incident rate (%)	0	0	0

The OHS trainings attended and conducted during FY2023 are as follows:

Programmes/Awareness Programmes	No of Participants
Occupational Safety & Health ("OSH") Management in Construction Industry	1
Seminar Undang-Undang Kecil (Pindaan 2021)	1
Seminar Pematuhan Akta 520	1
Safety Induction	145
Basic Training of Personal Protective Equipment	42
Fire Extinguisher Training	55
The 8th MBAM Seminar on Occupational Safety & Health ("OSH" & Workshop on OSHCIM - Accident Prevention by the Industry for the Industry, Johor	2

The Group will continue its unwavering dedication to occupational health and safety by constantly improving our safety practices, providing comprehensive training, and creating a workplace where employees and contractors can thrive without compromising their well-being.

SUSTAINABILITY STATEMENT (continued)

c) Diversity and Inclusion

Why It Matters

Diversity and inclusion are deeply ingrained in the culture and environment of our organisation. PGB strives to create an inclusive environment that accepts every individual's differences. We believe that we can unlock immense benefits from workplace by recruiting from a diverse pool of candidates for all positions, creating the right culture in place, reviewing succession plans to ensure an appropriate focus on diversity, and leveraging insights from different perspectives and ideas, with the ultimate aim to improve our product quality, boost creativity and innovation, and achieve our corporate goals.

Embracing diversity and inclusion creates an environment that nurtures collaboration, mutual respect, and the unrestricted exchange of ideas. We value the unique perspectives and contributions of each employee, enabling us to better understand and meet the needs of our diverse stakeholders. Promoting diversity and inclusion is not only the right thing to do, but also a strategic imperative that drives our long-term success.

How We Approach It

The Group have taken a comprehensive approach to address crucial aspects of diversity and inclusion within our organisation. Our unwavering commitment starts at the top, with the Board of Directors ("Board") ensuring diversity and inclusion are integrated into our corporate strategy and decision-making processes. We aim to create a diverse Board that brings a wide range of perspectives, experiences, and expertise to the table, which enhances the Group's ability to make informed and inclusive decisions. To accomplish this, we actively seek individuals from various backgrounds to create a diverse and balanced leadership team.

Furthermore, compliance with laws and regulations can set a foundation for promoting diversity and inclusion. Laws and regulations provide a framework and establish minimum standards that the Group must adhere to, ensuring fair treatment and preventing discrimination. We are guided by the Malaysian Employment Act 1955 and all other relevant laws and regulations of Malaysia, which cover the following principles:

- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment free and violence-free workplace
- Ensuring compliance with laws governing wages

However, diversity and inclusion go beyond mere compliance with legal requirements. In this regard, PGB places considerable attention towards inculcating a corporate culture that appreciates and recognises the contributions of each talent individual, while acknowledging and accepting individual differences. Particularly, in line with SDG 5: Gender Equality, PGB remains steadfast in its commitment to promoting and achieving gender equality within our workforce. We are dedicated to ensuring the full and effective participation of women at all levels of our organisation, providing them with equal opportunities for leadership and involvement in decision-making processes. By creating such culture, organisations can cultivate an environment where every employee feels valued, respected, and empowered.

In advocating SDG 10 to reduce inequality and promote well-being among our people, PGB strictly prohibit any form of discrimination, including but not limited to gender, age, religion, ethnicity, culture and nationality. We firmly believe that we can contribute to the reduction and elimination of workplace discrimination by taking a clear stance against all sort of workplace discrimination. As part of our commitment to promoting fairness and equality, we are dedicated to providing fair and equal employment opportunities for all individuals within our organisation.

To achieve this, we have implemented a meticulously structured and unbiased recruitment process aimed at eliminating all forms of discrimination. We adhered to guidelines and practices that ensure a fair evaluation of candidates based on their qualifications, skills, and experience. Our recruitment process operates with transparency and merit-based, ensuring that all applicants are afforded an equal opportunity to showcase their abilities and be considered for employment.

We recognise the importance of extending our commitment beyond our organisation. We actively seek opportunities to engage with and support diverse suppliers, contractors, and supply chain partners who share our values. Recognising that our contractors heavily rely on foreign labour, we take it upon ourselves to ensure that these workers are treated with the utmost respect and dignity.

In order to uphold our principles, we require all our suppliers and contractors to adhere to foreign labour rights as well as our newly adopted Sustainable Procurement Policy. This policy serves as a guide for responsible and ethical practices throughout our supply chain, which can be found on our Company's website at **www.pgbgroup.com.my**. By promoting diversity within our business relationships, we contribute to creating a more inclusive and equitable business ecosystem. For more details can refer to the "Supply Chain Management" section of this Statement.

We acknowledge that our journey towards diversity and inclusion is ongoing. In the coming years, we will continue to refine our strategies, set ambitious goals, and drive progress. We will further integrate diversity and inclusion into our business practices and communicate transparently with our stakeholders about our progress and challenges.

Our Performance

Throughout the financial year, the Group has consistently maintained its track record, as exemplified by the following accomplishments:

There has been
ZERO
reported incidents of non-compliance with labour standards, including forced and child labour

There has been
ZERO
reported incidents of human rights violations

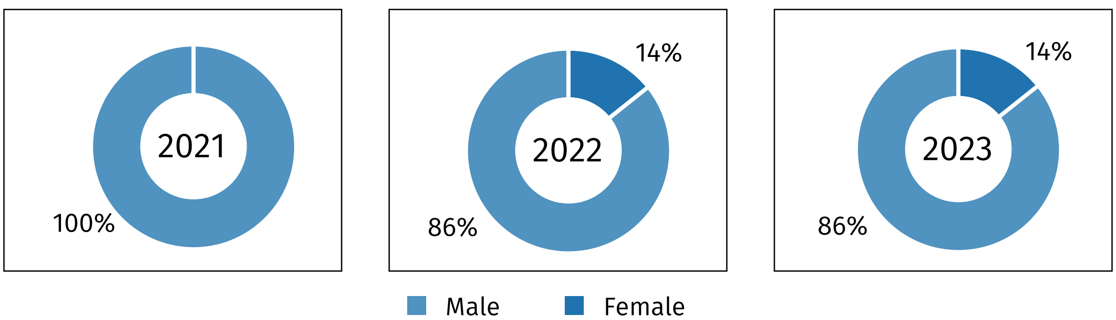
There has been
ZERO
reported incidents of workplace discrimination

We have been fortunate to maintain a resilient team of employees and sustain continue offering employment opportunities with our Group. Our workforce is composed of individuals from diverse ethnic backgrounds and demographics, reflecting the inclusivity we uphold. Here are some key highlights:

Board of Directors Profile

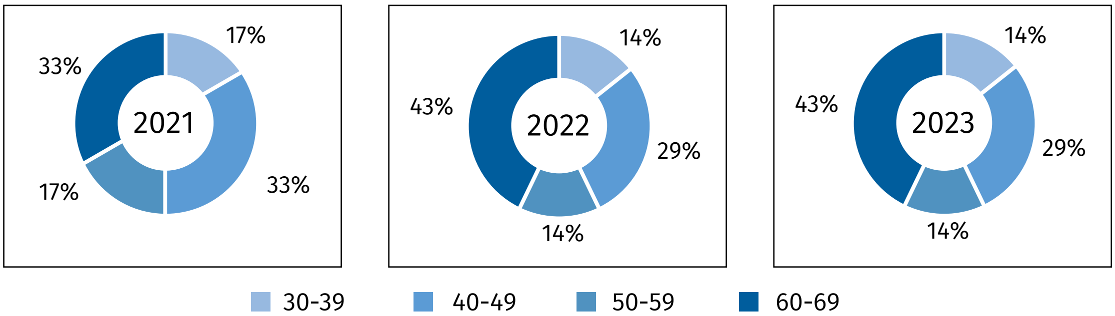
The Group is governed by a diverse Board of Directors, which currently meets the minimum requirement of the Listing Requirements to have at least one (1) female director on the Board. We are actively working towards achieving the recommended target of 30% women Directors as recommended by the Malaysia Code of Corporate Governance.

Percentage of Board Members by Gender (%)

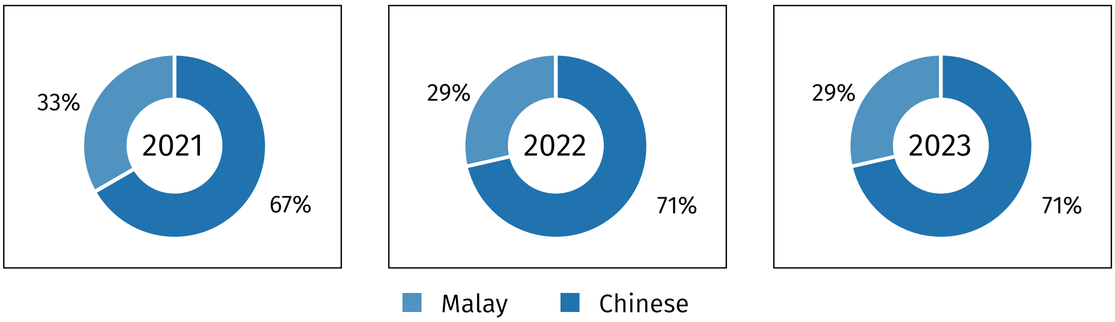


SUSTAINABILITY STATEMENT (continued)

Percentage of Board Members by Age (%)



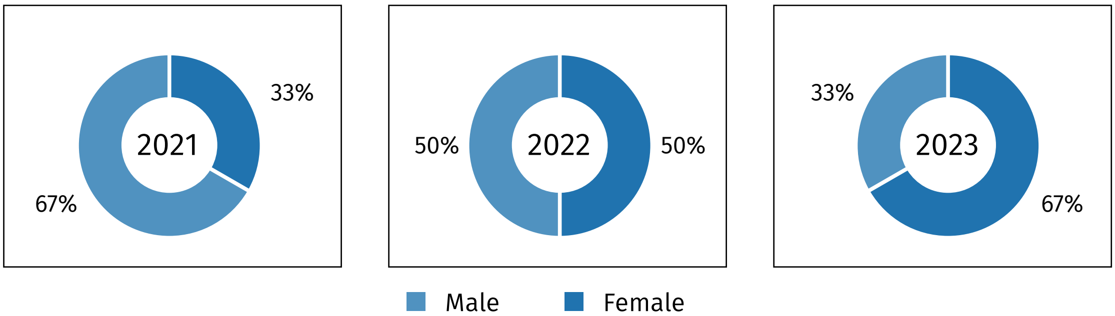
Percentage of Board Members by Ethnicity (%)



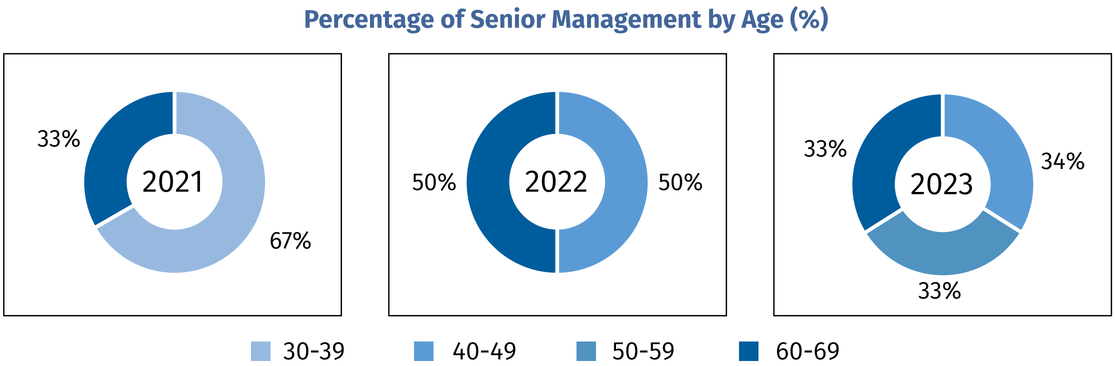
Senior Management Profile

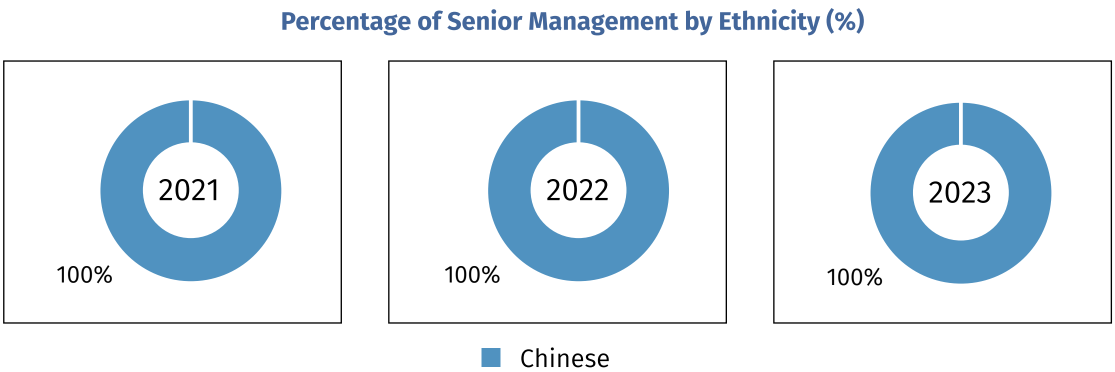
During the current financial year, we have embarked on recruiting a new Senior Management to strengthen our leadership and drive our business forward. Recognising the critical role that senior executives play in shaping the Group's direction and success, we have undertaken a comprehensive search process to identify and attract top-tier talent who align with our values, vision, and commitment to diversity and inclusion.

Percentage of Senior Management by Gender (%)



SUSTAINABILITY STATEMENT (continued)

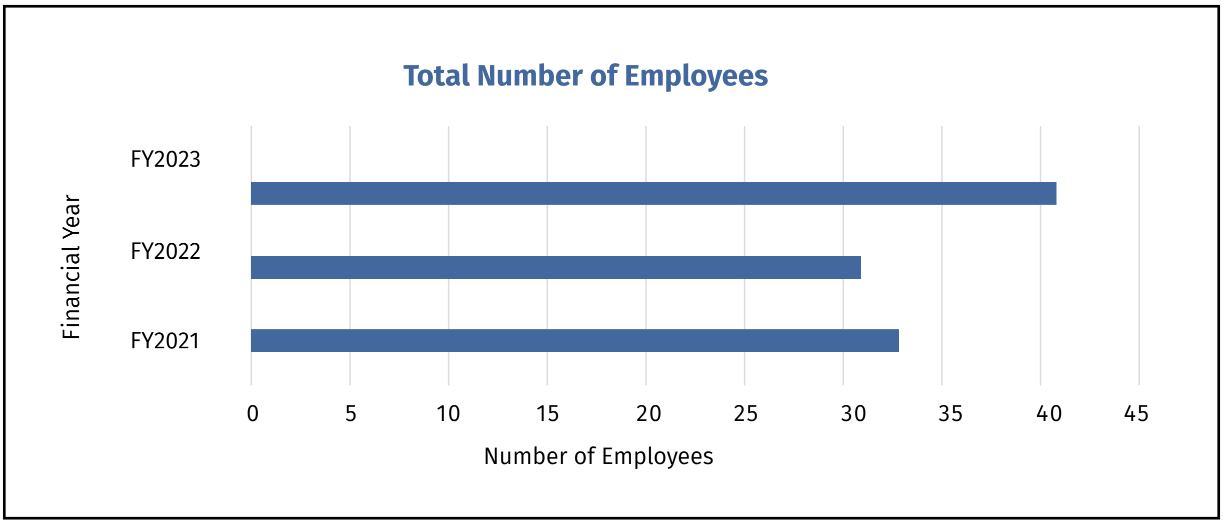




Employee Profile

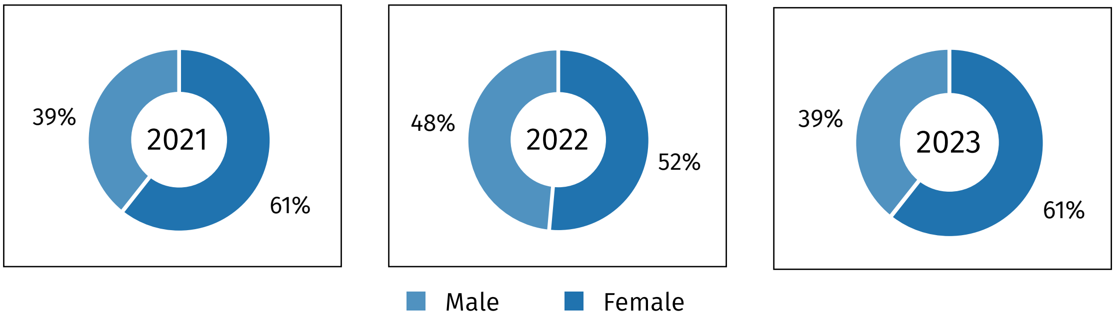
We are delighted to report an increase in the rate of new hires during the year, which serves as a testament to our commitment to providing compelling career opportunities and fostering a supportive and empowering workplace environment for our workforce.

As employees under the age of forty (40) constitute more than half of our workforce, we recognise and value their unique perspectives and innovative approaches that drive positive change and propel our organisation towards greater sustainability. Furthermore, all our employees are employed on permanent basis.

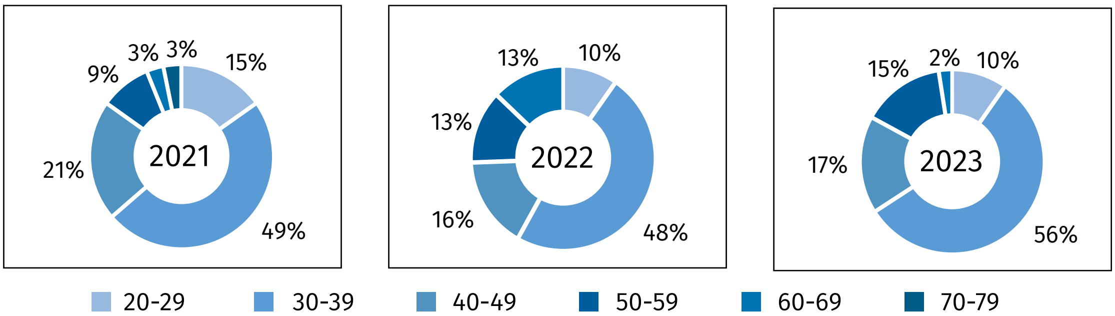


SUSTAINABILITY STATEMENT (continued)

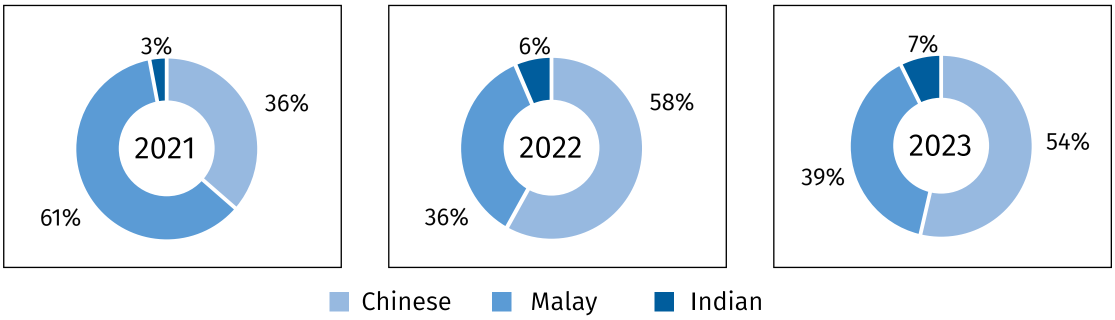
Percentage of Employees by Gender (%)



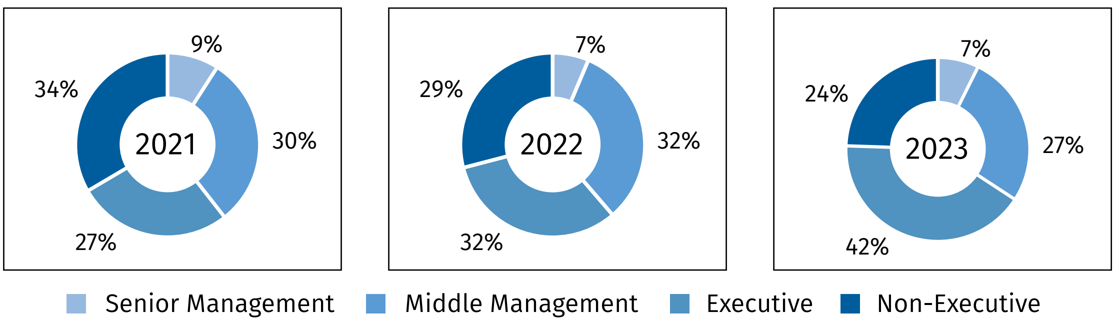
Percentage of Employees by Age (%)



Percentage of Employees by Ethnicity (%)



Employees Breakdown by Employee Category (%)

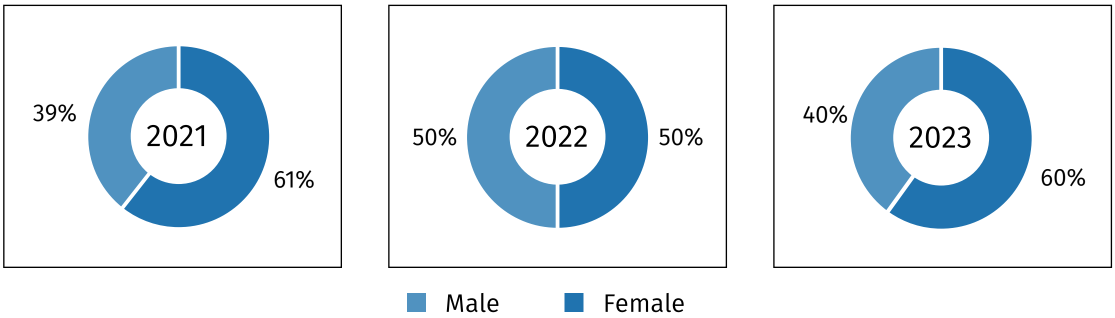


SUSTAINABILITY STATEMENT (continued)

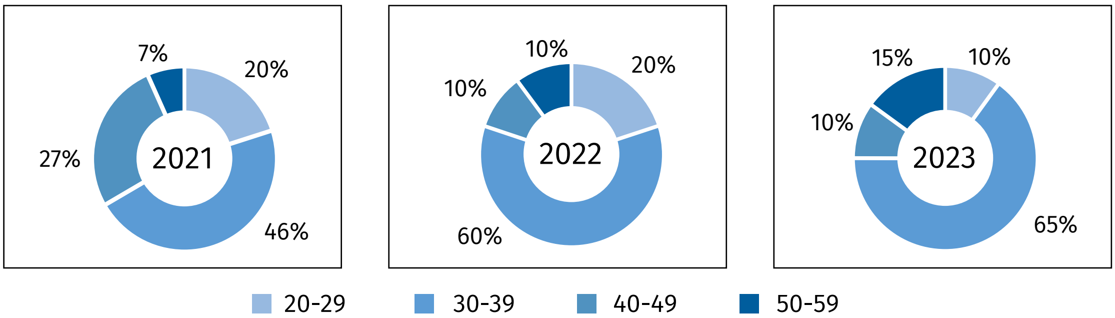
New Hires Profile

Throughout the current financial year, the Group warmly embraced and onboarded all newly hired employees. We take great pleasure in noting a noteworthy and encouraging trend: a progressive rise in the representation of female talent within our hiring pool over time.

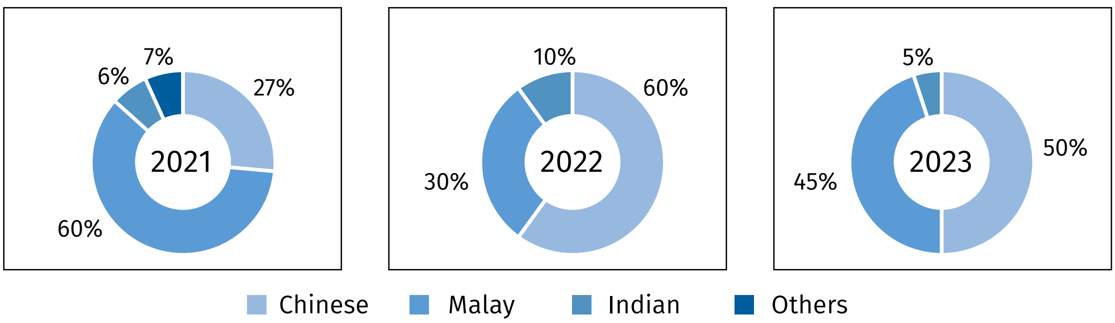
Percentage of New Hires by Gender (%)



Percentage of New Hires by Age (%)



Percentage of New Hires by Ethnicity (%)



SUSTAINABILITY STATEMENT (continued)

d) Community Development and Programmes

Why It Matters

Sustainability is a pressing global concern that has increasingly become a focal point for community development and programmes. As we strive for a more equitable and prosperous future, it is essential to recognise the interdependence between communities and the environment in which we live. By incorporating sustainable practices and principles in the context of community development and programmes, we can create lasting positive impacts, foster resilience, and ensure a better quality of life for both present and future community members. This, in turn, strengthens our reputation, enhance stakeholder trust, and contributes to long-term business success.

Furthermore, community development initiatives enable us to forge partnerships with government agencies, non-profit organisations, and other stakeholders. These partnerships not only amplify the impact of our efforts but also create opportunities for shared learning and resources. By leveraging diverse expertise and resources through these collaborations, we can effectively address complex social and environmental challenges more effectively. Embracing community development aligns with our long-term success and contributes to the achievement of a more equitable, prosperous, and sustainable future for all.

How We Approach It

As a responsible corporate citizen, we understand that our actions have an impact beyond our business operations. Therefore, we strive beyond in our efforts to make a positive difference in the lives of people from all walks of life. Our efforts extend to serving various segments of the community, including governmental and non-governmental organisations, students, NGOs, children with special needs, and the elderly. We achieve this through a range of initiatives including donations, sponsorships, volunteerism programs and corporate social responsibility ("CSR") activities that align with the Group's vision and mission.

Going beyond contributions in form of donations and sponsorship, we actively encourage and rely on our employees' volunteerism to drive our initiatives. By doing so, we not only enhance the level of job satisfaction and morale among our employees but also improve their engagement and strengthen our branding. Moreover, involving our employees in these initiatives allow us to build stronger connections between them and the community. This approach also aims to align with SDG 17 and promotes a culture of contributing back to the community.

In addition, we are dedicated to driving a mindset change and fostering sustainable behaviours as part of our mission to build sustainable communities. The Group consistently publishes sustainability-related content on various social media platforms, recognising these platforms as effective communication tools. Through these efforts, our aim to engage the public and generate awareness of our sustainability initiatives across our business.

PGB is constantly striving to develop itself, whether through collaborations or internally. The Group's project planning process has now evolved and revolves around responding to the community's problem statement and determining the impact. We strive to integrate sustainability principles into stages of our project lifecycle, from design and construction to post-development management. This includes prioritising green building practices, implementing energy-efficient technologies, promoting social inclusivity, and protecting natural resources.

To ensure the success and effectiveness of our initiatives, we adopt a holistic approach that involves collaboration and partnerships with key stakeholders. We actively engage with governmental and non-governmental organisations, and subject matter experts to leverage their expertise and insights. Through these collaborations, we gain valuable knowledge about the specific needs and challenges faced by different communities. This knowledge enables us to develop tailored programmes and initiatives that address these challenges directly, leading to more meaningful and sustainable outcomes.

SUSTAINABILITY STATEMENT (continued)

Our Performance

In FY2023, PGB contributed
RM89,988
in community initiatives, including:

Collaborating with sport academies and universities to enrich young talents through sponsorship amounting to **RM53,941**	Impacting more than **840 beneficiaries**	Dedicating more than **40 man-hours** to volunteerism by PGB's employees

During current financial year, PGB contributed a total of RM89,988 to support various initiatives, accounting for 1.80% of the Group's pre-tax profit in FY2023. The Group actively sponsored for several events and charitable causes, including charitable organisations, cultural events and blood donation drives.

Promoting Life-Saving Acts

PGB recognised the critical importance of blood donation in saving lives and supporting healthcare systems. Through these initiatives, we can address the ongoing need for blood transfusions and create a culture of compassion and care. PGB is proud to be part of this life-saving initiative, as it aligns with our commitment to social responsibility and making a positive difference in the lives of others.

Blood Donation Initiative

PGB organised annual Blood Donation Campaign, to create awareness on the need to support and contribute towards the National Blood Bank. We collaborated with Paragon Market Place and Hospital Sultanah Aminah Johor Bahru to provide opportunities to the public to contribute blood that might help save lives.

In total, our blood donation initiatives amassed
over 60 bags of blood

SUSTAINABILITY STATEMENT (continued)

Spreading Festive Joy

Festivities are moments of joy and celebration, but they can also pose challenges for underserved communities due to the associated expenses. We recognise this and have taken steps to make a positive difference by enabling less fortunate communities to enjoy these momentous occasions. Through this initiative, PGB exemplified its dedication to giving back to the community and fostering a sense of togetherness.

Chinese New Year 2023 Celebration

In line with this commitment, PGB organised a "Gotong-Royong" activity during the Chinese New Year, paying a visit to an old folk's center located in Pekan Nenas. During the visit, PGB brought festive cheer to the residents and providing them with essential items and gifts.

Distributed ang pow, mandarin oranges and goodies bag to

9 senior citizens

They also treated with delectable buffet lunch and Yee Sang.

Hari Raya Aidiladha Celebration

The Group showed its commitment to promoting unity and supporting the community by contributing RM14,000 towards the celebration of Hari Raya Aidiladha to the Ahli Dewan Undangan Negeri (Adun) Larkin.

SUSTAINABILITY STATEMENT (continued)

Prophet's Maulidur Celebration

PGB collaborated with Darus Saadah Islamic Primary School to organise a meaningful celebration of the Prophet's Maulidur. This event aimed to foster a sense of unity, spirituality, and community among the students. The celebration included a range of activities that showcased the students' talents and dedication to their faith.

Recognising the importance of supporting underprivileged students and their families, the Group took the opportunity to give back during the event. 35 goodies bags were provided to the families of these deserving students, emphasising the spirit of compassion and care for those in need.

Promoting Sports and Active Lifestyle

PGB has a long-standing tradition of promoting sports and active lifestyle within the community. We firmly believe that sports play a significant role in every society and serve as a powerful tool for nation-building. Sports instill valuable qualities such as teamwork, discipline and resilience. By promoting sports, we aim to empower individuals to unlock their full potential and achieve both personal and professional success.

Through various sports programs, events, and sponsorships, PGB actively supports athletes of all levels. We are proud to contribute to the growth and development of sports in our community, nurturing young talents and providing them with opportunities to excel. By promoting sports and an active lifestyle, we hope to create a healthier and more vibrant society, where individuals thrive and communities come together in the spirit of competition, camaraderie, and mutual respect.

Kejohanan Renang MSS Johor 2022

The Group extended its support to the ISTIO Swimming Academy by sponsoring the printing of T-shirts for the swimmers participating in the Kejohanan Renang MSS Johor 2022 event. The competition took place at the Educity Sports Complex in Iskandar Puteri.

Through this sponsorship, the Group aimed to contribute to the success of the event and show support for the swimmers representing the ISTIO Swimming Academy. The T-shirts not only functioned as uniforms for the participants but also symbolised unity and pride for the team. We take pride in being a part of their journey and contributing to the growth and development of swimming in the region.

Sponsored

> 200 T-shirts

for 100 swimmers participating in the competition.

SUSTAINABILITY STATEMENT (continued)

Paragon Badminton Cup 2022

As a steadfast advocate for the development of badminton in Malaysia, PGB has consistently shown its commitment by supporting various related events. One notable event that PGB proudly sponsored and co-organised was the Paragon Badminton Cup 2022, held at the Just In Sports Centre in Johor Bahru.

Through our sponsorship and co-organisation in this event, the Group continues to demonstrate our dedication to the development of badminton in Malaysia.

Attracted

> 350 badminton players

showcasing their skills and passion for the sport.

Pertandingan Memancing Peringkat Daerah Pontian

In addition to the Kejohanan Renang MSS Johor 2022, the Group also extended its support by contributing a total of RM10,000 to another competition held in Pontian, known as the Pertandingan Memancing Peringkat Daerah Pontian. Through such initiatives, the Group aims to contribute to the development of sports and recreational opportunities in the Pontian district.

Yayasan Selgate Golf Amal 2023

The Group participated in the sponsorship of Yayasan Selgate Golf Amal 2023 in conjunction with the Yayasan Selgate Charity Golf Tournament 2023. In line with our commitment to supporting charitable initiatives, the Group contributed a total of RM10,000 towards this event.

SUSTAINABILITY STATEMENT (continued)

916 Southern University College Golf Tournament

The Group generously donated RM2,600 to the Southern University College ("Southern UC") Education Fund during 916 Southern UC Golf Tournament. The tournament took place at Forest City Golf Resort in Johor Bahru.

The funds donated will contribute to the development and advancement of education programs and initiatives at the college. Our participation and donation showcased our dedication investing in the future of education.

9th JBCCCI Annual Golf Tournament 2022

PGB is proud to have been named the title sponsor for the 9th JBCCCI Annual Golf Tournament 2022 by the Johor Bahru Chinese Chamber of Commerce and Industry ("JBCCCI").

The tournament, which took place at Palm Resort Golf & Country Club was a resounding success.

Attracted

> 128 Golfers

participating in the one-day event

The event provided a platform for golf enthusiasts, business leaders, and members of the community to come together and network while enjoying a day of friendly competition on the golf course. We are honoured to have been the title sponsor for this remarkable event and look forward to continued collaboration with JBCCCI and other organisations to fostering partnerships and contributing to the development of the local business community.

SUSTAINABILITY STATEMENT (continued)

Investing in our Future

Ensuring access to quality education and nurturing the minds of young learners are foundational elements in constructing a prosperous and sustainable society. At PGB, our initiatives aim to empower children with the knowledge, skills, and opportunities they need to thrive and shape a better tomorrow.

47th Southern University College Anniversary and Fundraising Dinner

We are proud to have extended our support to the 47th anniversary celebration of Southern University College ("Southern UC") through a donation of RM10,000 to the Southern UC Education Fund. This donation was made during the special fundraising dinner organised to commemorate this milestone in the institution's history. The Southern UC Education Fund plays a crucial role in supporting the development and advancement of Southern UC as well as providing financial assistance to underserved students.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

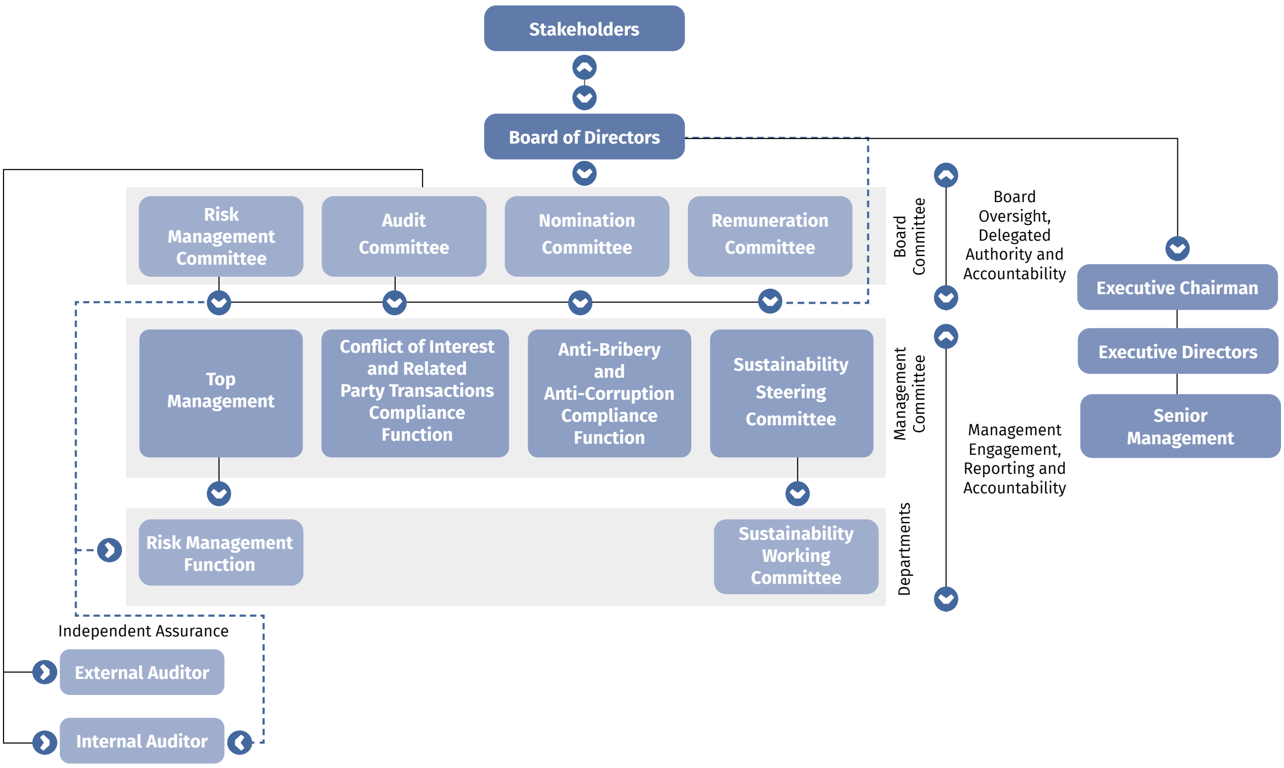
The Board of Directors ("the Board") of Paragon Globe Berhad ("the Company") acknowledges the paramount importance of upholding and maintaining high standards of corporate governance within the Company and its subsidiaries (collectively, "the Group"). This commitment ensures that the Group's business operations are conducted in a transparent, ethical, fair and responsible manner, in compliance with all relevant laws and regulations with the ultimate objective of realising long term shareholder value while effectively considering the interest of all stakeholders.

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission in implementing the corporate governance practices, while ensuring compliance with the Main Market Listing Requirements ("MMLR") and Corporate Governance Guide of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Companies Act 2016.

Corporate Governance Framework

The Board believes that good corporate governance adds value to the business of the Group. The Corporate Governance Framework as illustrated below demonstrates how the Company effectively manages its Group's businesses in contributing to the long-term growth and long-term sustainability. To ensure efficient oversight and management of the Company's operation and corporate matters, the Board has entrusted and delegated specific responsibilities to four sub-committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. These Board Committees operate within their respective approved terms of reference, thoroughly examining pertinent issues and providing recommendations to the Board.

Furthermore, the governance structure facilitates seamless communication and interaction between the Board, the Board Committees, the Executive Chairman, and the Management and operational level. This structure enables clear roles and functions at each level, creating a continuous and effective flow of information. Actions, plan execution, reporting and accountability are extended upwards to the Board for meticulous evaluation and informed decision-making.



The Board is pleased to present our Corporate Governance Overview Statement ("CG Statement"), which outlined our approach to governance in practice and activities throughout the financial year ended 31 March 2023 ("FY2023"). The CG Statement focuses on the following three (3) key Principles of MCCG:

Principle A : Board Leadership and Effectiveness
Principle B : Effective Audit and Risk Management
Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

In general, the Group has complied with all material aspects of the principles set out in the MCCG except for the following seven (7) recommended practices which the Group has departed from and the explanation for departure is provided in the Corporate Governance Report:

Practice 4.4	Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.
Practice 5.2	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.
Practice 5.4	The board has a policy which limits the tenure of its independent directors to nine (9) years without further extension.
Practice 5.9	The board comprises at least 30% women directors.
Practice 5.10	The board discloses in its annual report the company's policy on gender diversity for the board and senior management.
Practice 8.3	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.
Practice 13.3	Listed companies should leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at general meetings. Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

This CG Statement illustrated how the Group has applied and complied with the principles of best practices of the MCCG and it should be read in tandem with the Corporate Governance Report, set out in the format prescribed by Paragraph 15.25 of the MMLR of Bursa Malaysia, which is available on the Company's website at **www.pgbgroup.com.my**. The Corporate Governance Report provides the details on how the Group applied each practice as well as explanations for the departures from the abovementioned practices.

Application of corporate governance principles and practices are reviewed and revised as appropriate to reflect changes in the law and developments in corporate governance, as well as the changing needs of the Group in the business environment.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Intended Outcome 1.0
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

The Board, collectively responsible for the long-term success of the Group. It has overall responsibility in the stewardship of the Group's strategic direction and provides oversight in the conduct and management of its businesses and operations. To fulfill its fiduciary and leadership functions, the Board has established clear roles and responsibilities, which are outlined in the Board Charter of the Company.

To ensure the effective discharge of its function and responsibilities, the Board communicates its decisions to the Executive Directors, which subsequently delegate the day-to-day management of the Group's affairs to a skilled Management comprising personnel trained in various professions, such as finance, human resources, project management, control and procurement, sales and marketing, business developments and legal and compliance. The Management is responsible for the implementing and executing the decisions and policies made by the Board, as well as managing manpower and resources to ensure smooth business operations on daily basis.

Roles of Executive Chairman and Chief Executive Officer ("CEO")

Currently, the position of Chairman of the Board is held by Dato' Sri Edwin Tan Pei Seng while the position of CEO remains vacant. The Chairman plays a leadership and management role in the conduct of the Board and its relationship with shareholder and other stakeholders. Additionally, the Chairman acts in the best interest of the Company and ensures that decisions are made on a sound and well-informed basis.

Dato' Sri Godwin Tan Pei Poh serves as the Group Executive Director, responsible for overseeing the administration and strategic plan that guides the direction of the organisation, including marketing management, operational planning, financial planning and management. Furthermore, he currently leads the Management in day-to-day operations within his area of expertise and plays a crucial role in driving the Group forward.

In compliance with the enhanced MCCG updates introduced in April 2021, the Chairman does not serve as a member of the Audit Committee, Nomination Committee, Remuneration Committee or Risk Management Committee. These Committees are chaired by Independent Non-Executive Directors and comprise a majority of Independent Non-Executive Directors except for Audit Committee, which consists entirely of Independent Non-Executive Directors. The Chairman is also not invited to any meetings of Audit Committee, Nomination Committee, Remuneration Committee or Risk Management Committee. This approach mitigates the risk of self-review and preserves the objectivity of the Chairman and the Board when deliberating on the observations and recommendations presented by the Board Committees.

The Board is of the opinion that there is satisfactory balance of power and authority on the Board as the roles of the Executive Chairman and the Executive Directors are clearly defined and established while the decision-making process of the Board is based on collective decisions without any individual exercising any considerable concentration of power or influence and well balanced by the presence of strong elements of independence in the Board.

The role of the Executive Chairman and the Executive Directors are described in detailed in the Board Charter, which is made available on the Company's website at **https://pgbgroup.com.my/board-charter/**.

Roles of the Company Secretaries

Over the time, the role of Company Secretaries has evolved from merely advising on administrative matters to providing guidance on governance matters. The Board recognises the need for suitably qualified and competent Company Secretaries who can effectively carry out their duties. Hence, the Board is supported by qualified Company Secretaries who are members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and are qualified to act as Company Secretaries under Section 235(2)(a) of the Companies Act 2016.

The Company Secretaries play an advisory role to the Board, offering their expertise whenever necessary to enhance the Board's functionality and ensure adherence to procedures and regulations. They also proactively bring attention to any matters that require the Board's attention and consideration.

The Company Secretaries attend all Board and Board Committee meetings and ensures that accurate and adequate records of the proceedings of the meetings and decisions made are well documented. Minutes of various Board and Board Committees meetings that duly confirmed as the correct proceedings are circulated to all Board members from time to time for their notation.

Additionally, the Company Secretaries keep the Board abreast with the latest regulatory developments and the consequential implications of any changes in legislation, rules and regulations. Moreover, all Directors have direct access to the advice and services of the Company Secretaries, both collectively as a full Board and individual capacity, in discharging their duties.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole. In the current financial year, there has been a change in the composition of Company Secretaries, with one (1) Company Secretary from an external company secretary firm resigning, effective from 30 September 2022.

The Board expressed its utmost satisfaction with the performance and support rendered by the Company Secretaries in the effectively discharging their functions for the Board's benefit.

Meeting Materials and Supply of Information

All the Directors are provided with a set of comprehensive Board papers consisting of the agenda and all other relevant materials, well in advance of each Board Meetings or Board Committees Meetings. These papers are required to be given in advance prior to the meeting(s) or any other time frame agreed with the Board, when necessary, to ensure the Directors have sufficient time for a thorough review and consideration, thereby enabling effective participation in the Board's decision-making process.

The Board is granted unrestricted access to all relevant information within the Group and is supplied in a timely basis with information and reports through Board papers for informed decision making. These papers are meticulously prepared and cover various aspects such as Group financial performance, quarterly result announcements, proposed policies and procedures, operational issues and updates on statutory regulations and requirements affecting the Group, if any. Other matters highlighted for the Board's decision include the approval of corporate exercise, budgets, acquisitions and disposal of assets. Meeting agendas are scheduled according to the complexity of the agenda items and purpose. This approach enhances the effectiveness of the meetings and enable in-depth deliberation for each matter.

To enable the Board to discharge their duties and responsibilities effectively, the Board members have complete and unhindered access to the Senior Management and Company Secretaries, enabling them to seek clarification and gain a deeper understanding of the Group's business affairs. Whenever necessary, external auditors and external advisers are invited to attend Board meetings on specific items on the agenda to provide additional insights and professional views, advice and explanations within their competencies in order for the Board to make informed decisions. Senior Management will also be invited to participate in the Board meetings to enable all Board members have equal access to the latest updates and developments of business operations of the Group.

Intended Outcome 2.0

- **There is demarcation of responsibilities between the board, board committees and management.**
- **There is clarity in the authority of the board, its committees and individual directors.**

Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of good corporate governance, the Board has clearly set out and documented the functions, roles and responsibilities of the Executive Chairman, Executive Directors, Non-Executive Directors and Senior Independent Non-Executive Director in Board Charter to act as

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

a source reference and primary guidance to the Board members in the performance of their roles, duties and responsibilities.

The Board Charter further defines the responsibility of the Board, the formal schedule of matters that are reserved for the Board's deliberation and decision making, board remuneration and evaluation, directors' training and development, financial reporting responsibilities and code of ethics. It helps to ensure all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders and other stakeholders and that the highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.

The Board will review the Board Charter and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. The Board Charter is publicly made available on the Company's website at **https://pgbgroup.com.my/board-charter/** with last review performed on 22 November 2022.

Intended Outcome 3.0

- **The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.**
- **The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.**

Code of Conduct and Ethics

The Board has formalised and adopted a Code of Conduct, which serve as a formal and explicit guide to uphold a high standard of ethical values and conducts within the Group. The Code of Conduct describes the expected standards of business conduct and ethical behavior for Directors and employees of the Group in the performance of their duties and responsibilities. The Board reviews the Code of Conduct as and when necessary, to ensure that it continued effectiveness. The Code of Conduct can be found on the Company's website on **https://pgbgroup.com.my/code-of-conduct/**.

In addition, both the Board of Directors and the Company Secretaries adhere to the ethical values described in the Code of Ethics for Company Directors and Company Secretaries issued by the Companies Commission of Malaysia. This Code aims to establish standards of ethical conduct for Directors based on acceptable belief and values; promoting social responsibility and accountability in accordance with the applicable legislations, regulations and guidelines; and to instill professionalism amongst the Company Secretaries within the tenets of morality, efficiency and administrative effectiveness.

Anti-Bribery and Anti-Corruption Policy

The Anti-Bribery and Anti-Corruption Policy ("ABC Policy") serves as a guide for the Directors and employees, providing information and guidance on conducting business ethically and transparently while strictly avoiding all forms of bribery and corruption of in the Group's daily operations. The Group has encouraged business partners and other relevant parties commit to the same high standards. The Group has adopted zero-tolerance approach against all forms of bribery and corruption and all personnel is required to report to the Group's dedicated channel of reporting where there are reasonable grounds to suspect there is a violation of the policy.

The ABC Policy has been recently updated and approved by the Board of Directors during its meeting held on 22 November 2022. The details of the Group's ABC Policy are available on the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

Whistle Blowing Policy

To commit to the highest standard of integrity, openness and accountability in the conduct of business activities and operations, the Group has implemented Whistle Blowing Policy. This policy provides an effective and secure avenue for all employees and members of the public to disclose any improper conduct within the Group. It also provides protection to the person who report such allegations. Any allegations of improprieties which have been reported via the whistle blowing channel are appropriately followed up upon and the outcome(s) reported at the Risk Management Committee meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

The Board will review the Whistle Blowing Policy and make any necessary amendments to ensure its relevancy and alignment with the prescribed requirements and best corporate governance practices. The details of the Group' Whistle Blowing Policy are available on the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

Intended Outcome 4.0
The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

The Board, in collaboration with the Senior Management, acknowledges the significance of incorporating sustainability risks and opportunities into the development and execution of company strategies, business plans, major plans of action and risk management. Sustainability Governance Framework is established to govern the sustainability management of the Group. This framework outlines the goals, strategies and governance structure with regards to sustainability matters, which have been approved by the Board.

The Board holds the responsibility of providing oversight on the strategic management of material sustainability matters in the economic, environmental, social, and governance ("ESG") context. Additionally, they ensure that risks and opportunities arising from these material matters contribute to both financial and non-financial value creation. Strategic management of material ESG matters are being driven and managed on a day-to-day basis by the Sustainability Steering Committee, assisted by the Sustainability Working Committee.

The Board ensures that it constantly stays abreast with sustainability issues relevant to the Company and its business and that sustainability initiatives undertaken by the Group are effectively communicated to stakeholders through multifaceted platforms. Assessing the issues that are most material to us and our stakeholders in the ESG context will enable us to continue to operate effectively and sustainably.

The detailed account of the Group's sustainability strategies, performance and initiatives as well as how the Group addresses stakeholder expectations across various sustainability issues, please refer to the "Sustainability Statement" section of this Annual Report.

The Board recognises the importance of staying informed about sustainability issues that are relevant to the Company and its business. To ensure Directors are up to date with the latest developments in the industry and emerging sustainability issues, the Board, in collaboration with the Nomination Committee, assesses the training programs attended by each Director during the financial year. The list of training programmes and seminars attended by each Director are disclosed in the rest section of this Statement. The Board also received briefing on sustainability reporting which provided knowledge on the integration of ESG matters into the Group's business model and the emergence of sustainability related risks and opportunities.

In line with amendments to the MCCG implemented in April 2021, the Board has reviewed the recommendation to include a review of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities. Moving forward, greater alignment with sustainability-related issues will be incorporated into the performance evaluation of Senior Management.

II. Board Composition

Intended Outcome 5.0
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Composition of the Board

The Board through the Nomination Committee oversees the overall composition of the Board in terms of size, mix of skills, experience, competencies and the balance between Executive Directors and Non-Executive Directors to ensure that the composition of the Board is refreshed for it to operate in an effective manner. The tenure of each Director is reviewed by the Nomination Committee and annual re-election of a Director is contingent on satisfactory evaluation of the Director's performance and contribution to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

During the current financial year, a new female Executive Director was appointed, effective from 16 June 2022. As a result, the current composition of the Board consists of seven (7) members, which made up of one (1) Executive Chairman, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. This composition complies with Paragraph 15.02(1) of the MMLR of Bursa Malaysia Securities which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

Independent and Non-Independent Directors

1	2	3	1
Executive Chairman	Executive Director	Independent Non-Executive Director	Non-Independent Non-Executive Director

Gender

86%	14%
Male	Female

Ethnicity

5	2
Chinese	Malay

Age Diversity

39	54	68
years	Board's Average Age	years

The current Board has a well-balanced composition with an effective mix of members with various professions and specialisation in various fields such as property development, accounting, secretarial, audit and taxation which ensure that there is a fair representation and also a balance of power and authority on the Board. It is also appropriately structured to provide the required leadership and governance to realise the Company's mission, objectives and business strategies for the benefit of all stakeholders, in particular shareholders' interest. The profile of each Director is set out in the "Board of Directors' Profile" section in this Annual Report.

Board Independence

The presence of Independent Non-Executive Directors ("INEDs") provides a pivotal role in corporate accountability. The INEDs provide an independent and objective views, advice and judgment in the formulation of strategies, deliberation of issues and implementation of major undertakings to ensure the long-term interests of stakeholders are carefully considered.

During the financial year, the Board, through Nomination Committee ("NC"), conducted an annual evaluation of all Directors including the INEDs. The evaluation process confirmed that the INEDs have the ability to act independently of Management and their independent views will not be compromised. The Board is satisfied that each of the INEDs has fulfilled their responsibilities with due care and has consistently demonstrated independent judgement. They have contributed objective and constructive views to Board deliberations and decision-making processes. Their dedication to independence strengthens the governance structure of the Board and enhances the overall effectiveness of the organisation.

Tenure of Independent Directors

The Board is well-informed about the latest updates to the MCCG 2021. According to the revised guidelines, an Independent Director who has completed a cumulative term of nine (9) years may continue serving on the Board, but he will re-designated as a Non-Independent Director. In addition, Bursa Securities have also issued amendments limiting the tenure of an Independent Director to twelve (12) years.

The NC has taken note of the new Practice 5.3 of the MCCG whereby in the event the Board intends to retain the Director as an Independent Director after the latter has served a cumulative term of nine (9) years, the Board shall justify the decision and seek annual shareholders' approval through a two (2)-tier voting process. In justifying the decision, the NC is entrusted to assess the Director's suitability to continue as an Independent Director based on the criteria of independence.

The Board is currently in the process of reviewing its governance-related policies and procedures, including the Board Charter, to incorporate the required changes, to the practicable extent, in upholding the best corporate governance practices while ensuring that the Board Charter and other governance related policies and procedures remain consistent with the Board's objectives, current law and practices.

It is important to note that, as of now, none of the Independent Directors in the Group has served for a term exceeding nine (9) years.

Board Diversity

The Board recognises the challenges in achieving the right balance of diversity on the Board. The Board is committed to promoting diversity as part of its corporate governance principles and recognises that it is crucial for reflecting the broader perspectives and interests of the Company's stakeholders. In embracing a diverse and inclusive culture that promotes diversity and gender equality across the Group, the Group has implemented the Board Diversity Policy, which can be found on the Company's website at **https://pgbgroup.com.my/board-diversity-policy/**.

The Board supports the policy of non-discrimination based on race, religion and gender. It also acknowledges the benefit for having gender diversity and supports for the representation of women in both the Board and Senior Management positions of the Company. In pursuit of diversity, the Company ensures that recruitment and selection practices at all levels are transparent and appropriately structured, providing equal opportunity to candidates who equipped the necessary competencies, skills, experience, character, time commitment, integrity and other qualities required for the Company's future needs. Currently, the Group has achieved a representation of 67% female employees at Senior Management level.

In term of boardroom diversity, the Board is committed to appointing female directors who possess the appropriate qualifications, experience, and competencies, ensuring that such appointments bring value to both the Board and the Company. In the current financial year, pursuant to the Paragraph 15.02(1)(b) of the MMLR, the Board successfully identified and recruited a qualified female Executive Director, resulting in a 14% female representation on the Board. The Company is dedicated to striving towards achieving the MCCG's recommendation of a 30% representation of women on its Board. To monitor progress towards this goal, the Board, through the NC, will review the proportion of the female to male board members as well as overall composition and size of the Board.

Further details pertaining the diversity of the Board and Senior Management in terms of gender, age and ethnicity can be found in the "Sustainability Statement" section of this Annual Report.

Recruitment and Appointment of Directors

The appointment of Directors is undertaken by the Board as a whole but will first be considered and evaluated by the NC. The NC presents suitable recommendations to the Board based on the nomination and selection processes practiced by both NC and the Board. The final decision on the appointment of a Director, for candidates recommended by the NC, rests with the Board.

The selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the existing Board members, Management and major shareholders as well as the referrals from external source, such as independent search firm, industry data base and professional association. The Committee ensures that shareholders have the information they require to make an informed decision on the appointment of the Directors.

During the selection process, the NC considers various criteria outlined in the Directors' Fit and Proper Policy. These criteria include character, expertise, experience, integrity, competencies and time commitment to effectively discharge his/her role as a Director, with due regard to the benefits of diversity in skills, experience, age, gender and cultural background that would suit the Company's strategic goals to join the Board.

In respect of Independent Directors, the NC assesses their ability to exercise independent judgement and demonstrate to the values and principles associated with independence. Criteria as set out in the Code and the MMLR with regard to the definition of independence will also be considered in the case of appointment of Independent Directors.

NC is assisted by the Company Secretaries to ensure the completeness of the appropriate fit and proper assessments with relevant supporting documents are carried out at properly. Company Secretaries has to minute the review and deliberation of results of fit and proper assessment of the candidate, as applicable, and recommendation by NC during the meeting of NC and the Board's decision on the appointment.

Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office and be eligible for re-election. An election of Directors shall take place each year provided always that all Directors including the Executive Chairman shall retire from office at least once in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the annual general meeting at which he retires.

The Constitution also stated that the Directors shall have power at any time, and from time to time, appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with the Constitution. Any Director so appointed shall hold office only until the next annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

In addition, the Board would take appropriate actions as recommended by the MCCG on retention of office of an Independent Director who has a tenure of service beyond nine (9) years to seek annual shareholders' approval. Currently, none of our Independent Non-Executive Directors has served more than nine (9) years.

During the FY2023, the Board has not recommended any appointment of new director and re-appointment of director for retention as Independent Non-Executive Director to the shareholders for approval besides the re-election of Directors.

Directors' Fit and Proper Policy

The Company has established the Directors' Fit and Proper Policy which outlines a comprehensive and transparent framework for the appointment, re-appointment and re-election of Directors. This policy guides the Board and the NC in the evaluation, assessment and selection of Director candidates, ensuring that they possess the necessary quality, integrity, skills, knowledge, experience, competence and commitment to fulfill their roles and responsibilities effectively for the benefit of the Group and its stakeholders.

For more detailed information about the Directors' Fit and Proper Policy, please refer to the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

Board of Directors' Meetings

The Board is mindful of the importance of devoting sufficient time to carry out their responsibilities and updating their knowledge and enhancing their skills. The Board meets at least once every quarter on a scheduled basis and additional meetings will be convened as and when deemed necessary by the Board. The quarterly Board meetings are scheduled in advance to allow the Directors to plan their appointments ahead and endeavour to commit sufficient time as and when required to discharge their responsibilities. To enable the Board to effectively discharge its duties and responsibilities, none of the Board members holds more than five (5) directorships in public listed companies.

All Directors have attended the Board meetings held during the FY2023 and have complied with the minimum 50% attendance requirement in respect of Board meetings as stipulated in the Paragraph 15.05 of the MMLR. Details of Directors' attendance at Board and Board Committee meetings are summarised as follows:

Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Executive Directors					
Dato' Sri Edwin Tan Pei Seng	6/6	-	-	-	-
Dato' Sri Godwin Tan Pei Poh	6/6	-	-	-	-
Mdm. Leong Siew Foong *(Appointed as Executive Director w.e.f 16 June 2022)*	5/5	-	-	-	-
Non-Executive Directors					
Mr. Tee Boon Hin	6/6	6/6	5/5	4/4	2/2
Dato' Haji Ismail Bin Karim	6/6	6/6	5/5	4/4	2/2
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	6/6	6/6	-	-	2/2
Dato' Jeffrey Lai Jiun Jye	6/6	-	5/5	4/4	-

In the intervals between Board meetings, for any matters requiring Board's decisions, Board's approvals have been obtained through circular resolutions. The resolutions passed by way of such circular resolutions are then noted at the next Board meeting. All proceedings, deliberations and conclusions of the Board meetings are minuted by the Company Secretaries and are confirmed by the Board members at the subsequent Board meeting which would be signed by the Chairman as correct record.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

Directors' Training

All the Directors have attended the Mandatory Accreditation Programme ("MAP") for Directors of Public Listed Companies as required by Bursa Securities. The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively.

The Company Secretaries have updated the Directors on the latest updates of the MMLR issued by Bursa Securities during Board Meeting to enable them to keep abreast with such developments and amendments. In addition, the external auditors also briefed the Directors on any changes to the Malaysian Financial Reporting Standards ("MFRS") that would affect the Group's financial statements during the financial year under review.

The Directors have also continued to undergo education programmes and seminars in order to keep themselves abreast with the current developments in the market place industries as well as the current changes in laws and regulatory requirements. The seminars and conferences attended by the Directors during the year are as follows:

Directors	Briefing/Conference/Forum/Seminar/Training attend
Dato' Sri Edwin Tan Pei Seng	• Malaysia Real Estate Market Outlook 2023 • Knight Frank Johor Market Update • Two (2) Days KPIs Workshop - Developing and Managing KPI
Dato' Sri Godwin Tan Pei Poh	• Two (2) Days KPIs Workshop - Developing and Managing KPI
Mdm. Leong Siew Foong	• Mandatory Accreditation Programme • Hasil - MEF Tax Webinar 2022 • MAICSA National Conference 2022 - Challenging the Challenges in Governance • SSM National Conference 2022 • GO ESG Asean 2022 Summit • Johor CEOs Roundtable on IFRS Sustainability Standards • FIMMAC 2022 • SME SDG Festival 2022 • Two (2) Days KPIs Workshop - Developing and Managing KPI

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

Directors	Briefing/Conference/Forum/Seminar/Training attend
Mr. Tee Boon Hin	• National Tax Conference 2022 • Transitioning from ISQC 1 to ISQM 1 & ISQM 2- Including First Time Implementation Requirements • MFRS 16: Lease Modification and Recent Issues • Advocacy Session for Directors and Senior Management of Main Market Listed Issuers • Merger and Acquisition Activities: Practical Approaches to Purchase Price Allocation • Seminar Percukaian Kebangsaan 2022 (Bajet 2023)
Dato' Ismail Bin Karim	• Advocacy Session for Directors and Senior Management of Main Market Listed Issuers • Merger and Acquisition Activities: Practical Approaches to Purchase Price Allocation
Tan Sri Datuk Wira Dr. Hj. Mohd. Shukor Bin Hj. Mahfar	• Audit Oversight Board's Conversation with Audit Committee • National Tax Conference 2022 • Advocacy Session for Directors and Senior Management of Main Market Listed Issuers • Leadership in Action • Merger and Acquisition Activities: Practical Approaches to Purchase Price Allocation • Deputy Vice Leadership on Board Programme • Seminar Percukaian Kebangsaan 2022 (Bajet 2023)
Dato' Jeffrey Lai Jiun Jye	• Malaysia Real Estate Market Outlook 2023 • Sustainability Governance, Management and Reporting: Roles of The Board and Management in Overseeing the Environmental, Social and Governance Agenda in A Listed Issuer's Business • Merger and Acquisition Activities: Practical Approaches to Purchase Price Allocation

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

Intended Outcome 6.0
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Nomination Committee ("NC")

As at the date of this Statement, the NC consists of three (3) Non-Executive Directors, with a majority of whom are Independent. The composition of the NC is as follows:

Name	Position	Designation
Dato' Haji Ismail Bin Karim	Chairman	Independent Non-Executive Director
Mr. Tee Boon Hin	Member	Senior Independent Non-Executive Director
Dato' Jeffrey Lai Jiun Jye	Member	Non-Independent Non-Executive Director

In discharging its roles and responsibilities, the NC operates and guides under its terms of reference, which has been approved by the Board and is available on the Company's website. The Board will review the terms of reference of NC and make any necessary amendments to ensure consistency with the needs of the Group and to be in line with the MMLR and the MCCG.

The NC shall meet at least once a year or as and when deem fit and necessary. During the current financial year, five (5) meetings were held and the full attendance of the members as shown in the "Board of Directors' Meetings" section of this Statement.

The key roles and responsibilities carried out by the NC are as follows:

(i) oversee the process of identification and selection of Directors to ensure Board composition and diversity in respect of the desired mix of skills, experience and core competencies that meet the requirements of the Group;

(ii) assist the Board in reviewing and evaluating annually the effectiveness and performance of the Board, Board Committees and individual Directors and make recommendations to the Board with regard to any adjustments to the structure, size and composition that are deemed necessary in accordance to Practice 6.1 of the MCCG; and

(iii) assess the training needs of the Directors from time to time to ensure Directors have access to continuing education programmes.

Annual Assessment of the Board, Board Committee and Directors

The Board has delegated to the NC the responsibility to carry out an annual assessment of performance and effectiveness of the Board, Board Committee and Directors. The NC reviews the evaluation process and evaluation forms for all Board members in respect of the annual evaluations of the effectiveness of the Board as a whole, Board Committees, the contribution of each Director and independence assessment of Independent Directors. The NC sets out all the criteria of assessment in the prescribed forms designed to fulfill the respective objectives of the evaluation.

The objective of the assessment is to track the Directors' discharge of their roles and responsibilities, identify areas for improvement, highlight areas that need more attention, and overall assess the effectiveness of the Board, Committee and Directors. The NC oversees this process, reviewed the results and reported the outcome of the assessment to the Board.

During the year, the Board, through the NC, conducted an annual evaluation internally, consisted of the following assessments:

(i) Board and Board Committees Evaluation;
(ii) Board Skills Matrix Self-Assessment; and
(iii) Independent Non-Executive Director Self Evaluation.

These assessments and evaluations were conducted by the NC during the financial year under review without engaging the services of independent third party.

The criteria for evaluating the Board and Board Committee are based on factors such as size and structure, the mix of skills, experience and qualities, the effectiveness of Board meetings, the frequency of Board meetings and other considerations. In addition to these criteria, other factors such as nature and extent of function performed as well as quality of information and decision making are also taken into consideration in assessing the effectiveness of the Board Committees.

The criteria for evaluating the performance of individual Directors are based on their character, experience, level of integrity, core competencies, contributions towards Board deliberations and meetings held and their ability to allocate sufficient time to effectively discharge their duties and responsibilities. The Executive Directors, particularly, are undergo further assessment on their contribution towards the Group's business development and growth, leadership and management skills, and achievement of specific targets.

Regarding the assessment of the independence of Independent Non-Executive Director, each Director performs a self-evaluation based on the criteria of independence as defined under paragraph 1.01 of the MMLR of Bursa Securities. In addition, they also assess their ability to advise the Board on matters related to existing transactions where conflict of interests exist and on matters requiring deliberation by Directors such as related party transactions. Each Independent Non-Executive Director verifies their tenure of service as Independent Non-Executive Director in the Company.

Each Director is given sufficient time to complete the evaluations and assessments forms before the meeting of the NC and the Board in order for the Company to collate the results for the NC to review and report to the Board.

Based on the above assessments of the Board and Board Committee, the overall average ratings for the areas of assessments were above 2, based on a 4-scale rating. The results indicated that the performance of the Board, the Board Committees, the individual Directors and members of the Board Committees during the assessment period had been satisfactory (2.00 < average rating ≤ 4.00) on a 4-scale rating, and therefore, they had been effective in their overall discharge of functions, roles and duties. The Board was satisfied with each of the Directors' level of performance, and that they had also met the performance criteria in the prescribed areas of assessments. The results of these assessments form the basis of the NC's recommendations to the Board for the re-election of Directors at the 76th Annual General Meeting.

In addition, the NC also highlighted the observations which include key strengths of the Board and Board Committee in accordance with Guidance 6.1 of the MCCG. The Board works functionally as a team a mutually and dynamic working relationship that foster trust and esteem. The Board meetings were carried out in an "open communication" setting with Directors contributing in a timely and positive manner for each resolution of concerns.

In line with Guidance 5.8 of the MCCG and the terms of reference of the NC, the NC Chairman led the annual review of Board effectiveness, ensuring that the performance of each individual Director and Chairman of the Board are independently assessed. The NC deliberated at length on each comment or feedback resulted from the assessment. NC also discussed on action to be taken on most feedback. The outcomes of these assessments were generally satisfactory, considering the size of the Company, with identified areas for improvement. Each Director took note of the weaknesses identified and committed to keeping themselves updated and actively improving in those areas.

With the view to raise the bar on the Board's governance practices and overall effectiveness, the enhancement areas were considered based on items with rating below 3.5 and the Board members' comments or feedback. In this respect, the NC had derived from the assessment results, the areas requiring ongoing attention for continuous improvement which were categorised as below:

(a) To engage the Board on the Company's medium and long-term strategy and performance, and direction; and
(b) To increase training in areas identified as necessary by the Board.

In addition to the Board Skills Matrix Self-Assessment, each Director have completed assessment and will look into the areas that required further enhancement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

Based on the Independence Directors' Performance assessment, all the Directors have complied with the MCCG requirements where none of them have held more than five (5) directorships in listed issuers companies. They have exercised their independent judgment during the financial year under review and have properly carried out their duties as Independent Director. They also do not hold any shares in the Group and do not act as director for more than nine (9) years.

The collective view based on ratings given by the members of NC together with the minutes of the NC were properly documented. The outcome and summary results evaluating the effectiveness of the Board as a whole, the effectiveness of the Board Committees, the contributions of each individual Director and the independence of the Independent Non-Executive Directors were tabled to the NC for recommendation before reporting the same to the Board for notation and further consideration. The Board viewed that its current composition is sufficient to meet the needs, objectives and aspirations of the Company.

III. Remuneration

Intended Outcome 7.0

- **The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.**
- **Remuneration policies and decisions are made through a transparent and independent process.**

Directors' remuneration procedures and policies

The Board has established Remuneration Committee ("RC") to implement its policies and procedures on remuneration including reviewing and recommending to the Board a formal and transparent policy on remuneration of Directors and Senior Management. The RC is also responsible for setting the remuneration packages of individual Directors, Senior Management as well as overseeing management development and succession plans.

The Board has established and implemented an effective Remuneration Policy to determine the appropriate level of remuneration packages of Directors and Senior Management, taking into account various factors such as demands, complexities, performance, skills and experiences. The remuneration of Directors is generally benchmarked against the market average of comparable companies to ensure competitiveness, aiming to attract experienced and qualified Directors who can contribute to the Company's success.

Furthermore, the Remuneration Policy for Directors and Senior Management was recently updated and approved by the Board during its meeting held on 22 November 2022. The policy undergoes regular reviews to ensure the remuneration of Directors and Senior Management is on par with other publicly listed companies. The details of the Group's Remuneration Policy can be assessed on the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

Remuneration Committee ("RC")

As at the date of this Statement, the RC consists of three (3) Non-Executive Directors, with a majority of whom are Independent. The composition of the RC is as follows:

Name	Position	Designation
Mr. Tee Boon Hin	Chairman	Senior Independent Non-Executive Director
Dato' Haji Ismail Bin Karim	Member	Independent Non-Executive Director
Dato' Jeffrey Lai Jiun Jye	Member	Non-Independent Non-Executive Director

In discharging its roles and responsibilities, the RC operates and guides under its terms of reference, which has been approved by the Board and is available on the Company's website. The Board will review the terms of reference of RC and make any necessary amendments to ensure consistency with the needs of the Group and to be in line with the MMLR and the MCCG.

The RC shall meet at least once a year or as and when deem fit and necessary. During the current financial year, four (4) meetings were held and the full attendance of the members as shown in the "Board of Directors' Meetings" section of this Statement.

The key roles and responsibilities carried out by the RC are as follows:

(i) to establish transparent remuneration policy; and
(ii) review the remuneration packages and benefits accorded to the Directors and Senior Management on an annual basis.

In determining the remuneration packages for Executive Directors and Senior Management, the component parts of their remuneration are structured to link rewards to corporate and individual performance, taking into account similar packages at comparable companies. The RC evaluates the performance and rewards are granted to Executive Directors and Senior Management for their achievement of the respective key performance indicators ("KPIs"), which include an annual bonus and increment to their base salaries. An annual review on remuneration takes place at the last quarter of each calendar year. The overall remuneration results together with internal factors such as performance of the Group, individual performance, duties, responsibilities and commitments of the Directors and Senior Management will be presented to RC for consideration and recommendation to the Board for approval.

The remuneration packages for Non-Executive Directors are determined based on their qualification, experience, time commitment and competence having regard to their responsibilities. The fees payable to all Non-Executive Directors are reviewed and proposed at the Annual General Meeting for the shareholders' approval. In accordance with proper governance practices, all Directors abstained from discussing and deciding on their own remuneration.

During the current financial year, a meeting was held to review the remuneration and benefits for the Executive Directors and Senior Management. The RC considered the compensation and benefits that are commensurate with the level of the Directors' responsibilities and performance, while also taking into account the Group's performance relative to the industry. The Board endorsed the recommendations from the RC for the proposed remuneration paid to the Executive Directors and Senior Management for the financial year is appropriate based on with their expertise, working experience, knowledge, responsibilities and individual contribution to the overall performance of the Group.

The RC evaluate the fee levels and responsibilities undertaken by the Non-Executive Directors, who actively participated in various Board Committees during the current financial year. Taking into account the intricate nature of the Group's operation and the time commitment required from the Non-Executive Directors, the RC put forth revised remuneration packages payable to the Non-Executive Directors aligned with their performance and responsibilities. The proposed remuneration packages were submitted to the Board for approval and, if necessary, recommended to the shareholders for their approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT *(continued)*

Intended Outcome 8.0

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Details of Directors' Remuneration

The details of Directors' remuneration payable to the Directors of the Company for the FY2023 are as follows:

		Company (RM)						
Name	**Directorate**	**Fee[1]**	**Allowance[2]**	**Salary**	**Bonus**	**Benefit-in-kinds**	**Other emoluments**	**Total**
Dato' Sri Edwin Tan Pei Seng	Executive Director	-	-	900,000	150,000	35,200	127,061	1,212,261
Dato' Sri Godwin Tan Pei Poh	Executive Director	-	18,000	480,000	100,000	7,200	72,821	678,021
Mdm. Leong Siew Foong *(Appointed as Executive Director w.e.f 16 June 2022)*	Executive Director	-	14,250	171,000	5,000	4,767	27,620	222,637
Mr. Tee Boon Hin	Independent Director	66,000	3,500	-	-	-	-	69,500
Dato' Haji Ismail Bin Karim	Independent Director	66,000	3,500	-	-	-	-	69,500
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	Independent Director	66,000	3,000	-	-	-	-	69,000
Dato' Jeffrey Lai Jiun Jye	Non-Executive Non-Independent Director	60,000	3,500	-	-	-	-	63,500

Note:

1 The remuneration of Independent and Non-Executive Non-Independent Directors were approved by the shareholders at the 75th AGM of the Company.
2 The allowances for Non-Executive Directors pertaining to the meeting allowance for attending meetings of the Board and Board Committees. On the other hand, the allowances for Executive Directors include the subsidy interest allowance, parking and toll allowance.
3 No Directors received any remuneration from the subsidiaries of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

Top Senior Management Remuneration

In FY2023, the Senior Management of the Company was enhanced with the appointment of Ms. Chew Sai Peng on 12 September 2022. Ms. Chew Sai Peng's inclusion has brought valuable expertise and contributions to the team. As a result, the Senior Management consisted of three (3) members during FY2023. The aggregate remuneration for the top Senior Management individuals during the fiscal year is disclosed in the band of RM50,000 on a named basis as follows:

Name of Senior Management	Range of Remuneration (RM)
Mr. Tan Hui Boon	250,001 to 300,000
Ms. Eileen Tey Yee Lin	300,001 to 350,000
Ms. Chew Sai Peng *(Appointed as Project Director w.e.f 12 September 2022)*	150,001 to 200,000

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Intended Outcome 9.0

- **There is an effective and independent Audit Committee.**
- **The board is able to objectively review the Audit Committee's findings and recommendations.**
- **The company's financial statement is a reliable source of information.**

The Board ensures that shareholders are provided with a balanced and clear assessment of the Group's financial position and performance through the issuance of Annual Audited Financial Statements and quarterly financial reports. The Audit Committee ("AC") assists and supports the Board in fulfilling its fiduciary responsibilities in terms of the Group's financial reporting processes and quality of its financial reporting. The AC reviews the quarterly financial reports and Annual Audited Financial Statements to ensure compliance with the Companies Act 2016 and all applicable accounting standards. After the AC's review, the reports are recommended for approval by the Board and issuance to shareholders.

As of the date of this Statement, the AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The composition, attendance record, roles and responsibilities carried out by the AC are set out separately in the "Audit Committee Report" section of this Annual Report.

The Company complied with the Practice 9.1 of the MCCG, which stipulates that the Chairman of the AC should not be the Chairman of the Board as the Board acknowledges the importance of an independent and objective AC to ensure the integrity of the Group's financial reporting process and accounting records. The Chairman of the AC is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA"), complying with Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

As at 31 March 2023, none of the Board members, including the AC members, are former key audit partners of the Group's external auditors. The Board will observe a cooling-off period of at least three (3) years in the event any potential candidate who is a former key audit partner is being considered for appointment as a member of the Audit Committee.

The terms of reference of the AC have been duly reviewed by the Board. The details of the terms of references are available on the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

External Auditor

The Board, through the establishment of the AC, maintains a transparent and professional relationship with the Group's external auditors, seeking their professional advice to ensure compliance with the accounting standards as well as the relevant regulations in Malaysia. BDO PLT ("BDO"), acts as the external auditors of the Group, reports to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

The AC was satisfied with the suitability and independence of BDO based on the competence, audit quality resource capacity provided. BDO has also provided the required confirmation to the AC to declare their independence from the Group as external auditors in accordance with independence requirements of the Malaysian Institute of Accountants By-Laws (On Professional Ethics, Conduct and Practice) throughout the conduct of the audit engagement for the financial year ended 2023.

The AC assesses the effectiveness of external audit as well as the suitability, independence and objectivity of external auditors annually. The AC is satisfied that BDO has met the relevant criteria prescribed under Paragraph 15.21 of the MMLR of Bursa Securities. Thus, the AC has recommended that the Board endorses BDO's re-appointment for the ensuing financial year and recommends that the shareholders of the Company approve BDO's re-appointment at the 76th AGM.

During the financial year under review, the external auditors were invited to attend the AC meetings to discuss the external audit planning memorandum, present their audit findings and discuss key significant audit matters. The AC also engaged two (2) private sessions with the external auditors, without the presence of the Executive Directors and Management to exchange independent views on matters which require AC's attention.

The AC reviewed the provision of the non-audit services provided to the Company during the financial year and concluded that these services did not compromise the objectivity and independence as external auditors. Additional disclosures on non-statutory audit fees and the detailed work performed by the AC during the financial year are provided separately in the "Audit Committee Report" of this Annual Report.

External Auditors' Policy

The Board approved an External Auditors' Policy on 18 July 2023. This policy provides an outline of the principles and guidelines that govern the appointment, responsibilities and relationship between the Company and the external auditors. If it becomes necessary to replace the external auditors for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditors has been delegated to the AC by the Board pursuant to the External Auditors' Policy. The External Auditors' Policy is available for reference on the Company's website **https://pgbgroup.com.my/corporate-governance/**.

II. Risk Management and Internal Control Framework

Intended Outcome 10.0

- **Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.**
- **The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.**

Risk Management Committee ("RMC")

As at the date of this Statement, the RMC consists of three (3) Independent and Non-Executive Directors. The composition of the RMC is as follows:

Name	Position	Designation
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	Chairman	Independent Non-Executive Director
Dato' Haji Ismail Bin Karim	Member	Independent Non-Executive Director
Mr. Tee Boon Hin	Member	Senior Independent Non-Executive Director

In discharging its roles and responsibilities, the RMC operates and guides under its terms of reference, which has been approved by the Board and is available on the Company's website. The Board will review the terms of reference of RMC and make any necessary amendments to ensure consistency with the needs of the Group and to be in line with the MMLR and the MCCG.

The RMC shall meet at least twice a year or as and when deem fit and necessary. During the current financial year, two (2) meetings were held and the full attendance of the members as shown in the "Board of Directors' Meetings" section of this Statement.

The key roles and responsibilities carried out by the RMC are as follows:

(i) to oversee the overall risk management matters of the Group;
(ii) to review the effectiveness of risk management framework in identifying and managing risks and internal processes; and
(iii) to facilitate the implementation of actions plans for risk management.

Risk Management and Internal Control

The Board acknowledges its overall responsibility of continuously maintaining a sound system of governance, risk management and internal controls system. This ensures assurance on the achievement of the Group's strategies and business objectives as well as safeguarding the interest of all stakeholders and protecting the Group's assets.

The Board recognises that risks are inherent in all business activities and cannot be completely eliminated. Hence, risk management is an ongoing process that involves identifying, evaluating, responding to, managing and monitoring significant risks that may affect the Group's business performance. It ensures that optimum operational function is maintained within an acceptable risk appetite while striving to achieve the Group's overall strategic objectives.

To embed the practice of risk management throughout the Group and effectively manage key business risks and opportunities, the Board has established a structured Group Risk Management Framework as the governance structure and processes for the enterprise-wide risk management. The Group Risk Management Framework specifies the structured risk management process, where each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by the Top Management (defined as Senior Management made up of Executive Directors) and risk owners.

Top Management and risk owners use the Risk Register for the ongoing identification and evaluation process and performs update on a yearly basis or there are changes in internal and/or external business context require such update. Risk Management Function ("RMF") coordinate the updates of Risk Register with the assistance and feedback from the risk owners and also through the results of the assurance activities.

Key Risk Report and Key Risk Profile are compiled by RMF based on updated Risk Registers and submitted to the Top Management for theirs review. Subsequent to the review by the Top Management, Key Risk Report with Key Risk Profile compiled therefrom to be made available by the RMF to the RMC for review. The RMC to subsequently report results of such review to the Board for their final review and decision.

The Statement on Risk Management and Internal Control has been reviewed by the External Auditors. Further disclosure on the risk management activities during the financial year can be found in the "Statement on Risk Management and Internal Control" section of this Annual Report.

Internal Audit

The Company has outsourced the internal audit function to an external independent professional service firm. This firm reports directly to the AC under the terms of the engagement letter, Internal Audit Charter and the AC's terms of reference. As guided by the Internal Audit Charter, Internal Auditors must be independent of the activities and processes, which it appraises to ensure it is able to perform its duties in an objective manner and provide impartial advice to the AC.

The principal responsibility of the internal audit function is to undertake regular and systematic review of the Group's systems of internal control, risk management process and compliance with the established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively throughout the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

The Internal Auditors perform their function based on an audit plan that is reviewed and approved by the AC. This ensures that the audit direction is in line with the AC's expectations. The internal audit reports are presented to AC during schedule meetings to report on the outcome of the audits conducted and highlighting the effectiveness of the system of internal controls and significant risks. Any significant control deficiencies noted from the reviews will be documented and communicated to Management for review and corrective actions.

The AC conducts an annual evaluation of the Internal Auditors, which encompasses a review of their audit scope, independence, and objectivity. Based on this evaluation, as well as the review of the internal audit function's work and deliverables, both the AC and the Board are satisfied that the outsourced internal audit function maintains its independence, objectivity, and is free from relationships or conflicts of interest that could compromise its effectiveness.

For more comprehensive information regarding the state of the internal control system and the internal audit function of the Group, please refer to the "Statement on Risk Management and Internal Control" and "Audit Committee Report" sections of this Annual Report.

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

I. Engagement with Stakeholders

Intended Outcome 12.0

- **There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.**
- **Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.**

The Board acknowledges the importance for shareholders and other stakeholders to be informed of all material business matters affecting the Group via a direct and effective line of communication. In this regard, the Board is committed in ensuring that any public disclosures regarding the business, operations and financial performance of the Group are accurate, timely, factual, informative, consistent and broadly disseminated. In compliance with the requirements stipulated by the MCCG and the Capital Markets and Services Act 2007, the Board ensures that all material events and information are publicly disseminated in a transparent manner, thereby providing fair and equitable access to all stakeholders without any selective disclosure.

The Company utilises various channels to communicate with shareholders and other stakeholders, including but not limited to:

(a) Announcements made to Bursa Securities including quarterly financial results;
(b) The Company's Annual Report;
(c) Press release to the media;
(d) Dialogues and presentations at general meetings, providing overview and clear rationales with regards to the proposals tabled for approval by shareholders; and
(e) The investor relation section on the Company's website at **www.pgbgroup.com.my**.

The primary communication channel employed by the Company to engage with stakeholders is through announcements made on Bursa Securities. Personnel and working team for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the efficient disclosure of material information to the investing public. All announcements made on Bursa Securities are to be approved by the Board before their release. The Board ensures the timely release of quarterly financial results and announcements regarding corporate proposals to the public via the Bursa Link, annual reports and circulars to shareholders which are dispatched on a timely basis to ensure that shareholders and investing public are kept informed of the Group's performance and prospect throughout the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

The Company's annual report provides comprehensive information on the business performance and financial results of the Group. It includes the Management Discussion and Analysis ("MDA") section, which offer insights into the performance, financial condition, risk exposure and future prospect of the Group from perspective of the Management. Additionally, the annual report ensures full disclosure of the Company's compliance with the MMLR, MCCG, and financial reporting requirements. By adhering to these standards and regulations, the Company demonstrates its commitment to transparency and accountability in providing accurate and reliable information to stakeholders.

To further engage with stakeholders, the Company has conducted various events during the current financial year. These events provide opportunities for dialogue and interaction with stakeholders. Detailed information about these stakeholder engagements can be found in the "Sustainability Statement" section of this Annual Report.

Corporate Disclosure Policy

The Board recognises the significance of establishing and maintaining effective corporate disclosure procedures to provide stakeholders with comprehensive, accurate, and high-quality information in a timely manner. It holds the responsibility of presenting a balanced, clear, and meaningful assessment of the Group's financial position to shareholders, investors, stakeholders, and regulatory authorities.

To fulfill this commitment, the Group has recently implemented a Corporate Disclosure Policy. This policy serves as guideline on the requirements and approaches toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, and restrictions on insider trading. It also aims to ensure consistent disclosure practices across the Group and applies to all Directors, Management and the employees.

In developing the policy, the Company has taken into consideration the recommendations outlined in the MCCG, the disclosure obligations specified in the MMLR and the Corporate Disclosure Guide issued by Bursa Securities.

The Board will review the Corporate Disclosure Policy and make any necessary amendments to ensure its relevancy and alignment with the prescribed requirements and best corporate governance practices. The details of this policy are available on the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

II. Conduct of General Meetings

Intended Outcome 13.0
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Annual General Meeting ("AGM") of the Company represents the principal forum for dialogue and interaction between the Board and Senior Management to engage with shareholders, during which the shareholders are annually informed and updated on current developments of the Group.

Extraordinary General Meeting ("EGM") is held as and when shareholders' approvals are required on specific matters. When an EGM is held to obtain shareholders' approval on certain business or corporate proposals, comprehensive circulars to shareholders will be sent within prescribed deadlines in accordance with regulatory and statutory provisions.

The Board will ensure that all Board members, particularly the Chairman will make their endeavors to attend general meetings to facilitate engagement with shareholders and to address any relevant questions and concerns raised by shareholders. The shareholders are encouraged to raise questions pertaining to the resolutions tabled threat or business activities of the Group as well as to communicate their expectations and concerns of the Group. The Chairman would also provide ample time for questions-and-answers sessions during the general meetings. The Senior Management and External Auditors as well as advisors, if applicable, will be present at the general meetings to respond to shareholders' questions during the meetings. Suggestions and

CORPORATE GOVERNANCE OVERVIEW STATEMENT (continued)

comments communicated by shareholders were taken into careful consideration and well noted by the Board and Senior Management.

The Board took cognisance of Practice 13.1 of the MCCG and has given at least twenty-eight (28) days' notice for the forthcoming AGM together with the proxy form to allow shareholders additional time to go through this Annual Report and make necessary attendance and voting arrangements. Each item of special businesses included in the notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

Announcement on poll results and outcome of the general meetings will be made to Bursa Securities after the close of business on the same day after the conclusion of the general meetings. Pursuant to Guidance 13.6 of the MCCG, the minutes of the general meetings was also available on the Company's website at **www.pgbgroup.com.my** with thirty (30) business days after the general meetings for the information of the public.

Poll Voting

In line with the Paragraph 8.29A of the MMLR, any resolution sets out in the notice of any general meeting of the Company which is intended to be moved, will be voted by poll. The Board is cognisant of the advantages of poll voting at general meetings to ensure accurate, transparency and efficiency of the voting process and outcomes at general meetings. The Company advocates poll voting to remain consistent with the principle of "one share one vote". In addition, an independent scrutineer will be appointed to validate the votes cast at the general meetings.

Leverage on Information Technology for General Meetings

After one (1) year of conducting virtual general meetings due to the COVID-19 pandemic, the Board has decided to return to a physical platform for the 75th AGM held on 12 September 2022 and the Extraordinary General Meeting ("EGM") held on 28 February 2023. This shift allows the Board to engage with shareholders in person, taking into account the transition of the country into the endemic phase of COVID-19.

The Company engaged Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") as the Poll Administrator for both general meetings. The Company leveraging on the remote voting service provided by Tricor which enable the shareholders to vote remotely via Tricor's TIIH Online website at **https://tiih.online**. If a member is unable to attend the general meetings, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy to attend the general meetings via Remote Participation and Voting ("RPV") facilities.

The Board is cognisant of the leverage on the technology or application which enabled remote shareholders' participation to encourage shareholders' participation in the AGM. However, the cost to facilitate remote participation and voting in absentia by shareholders is higher than holding physical general meetings. Accordingly, the Company will continue to explore the use of technology available in the market for more cost-effective technology to provide meaningful interactions with shareholders during general meetings.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board is fully committed to ensuring the implementation and maintenance of good corporate governance practices throughout the Group. During the current financial year, the Group's key focus has been on reviewing and establishing relevant policies to govern different operations, promoting consistency, compliance, and transparency across all levels. Additionally, in accordance with the MMLR requirement, the Company has placed significant emphasis on achieving gender diversity and inclusivity by ensuring at least one (1) female director on the Board.

Looking ahead, the Board's future focus in corporate governance is to further streng then the Company's practices in line with the MCCG and MMLR. This will involve enhancing the effectiveness of board oversight and reviewing board composition, with an annual assessment that considers gender diversity and independence. In the medium term, the Board intends to set a target for boardroom diversity, aiming for 30% female representation, while ensuring meritocracy in candidate selection to maintain a strong talent pipeline. The Board also aims to improve transparency by disclosing Senior Management remuneration, balancing it with the risk of key personnel attrition and the existing manpower shortage in Malaysia.

Furthermore, the Group will continue to foster a strong corporate culture by reinforcing its sustainability practices, focusing on sustainable growth and performance. This entails integrating sustainability considerations into strategies, business plans, and major actions, while ensuring adequate resources and efficient systems for effective risk management and sustainability governance.

Moving forward, the Board remains dedicated to advancing corporate governance standards, addressing any deviations from the MCCG, and fostering a risk and governance awareness culture across the organisation in safeguarding the interests of all stakeholders and achieving a high standard of corporate governance practices.

COMPLIANCE STATEMENT

The Board has reviewed and approved this Statement and is satisfied that the Company has substantially complied with and applied the three (3) key Principles of the MCCG for the FY2023.

Comprehensive information on the Company's adherence to the MCCG Principles and compliance with its practices can be found in the Corporate Governance Report ("CG Report"). Any deviations from the practices are further elaborated in the CG Report, which is accessible on the Company's website at **www.pgbgroup.com.my**.

This Statement together with the CG Report were approved by the Board on 18 July 2023.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the MMLR of Bursa Securities:

1. Utilisation of Proceeds raised from Corporate Proposal

During the financial year ended 31 March 2023, the utilisation of the proceeds raised is as follows:

Purpose	Intended timeframe for utilisation	Proposed utilisation RM	Actual utilisation RM	Reallocation RM	Unutilised proceeds RM
Partial settlement of the consideration for acquisition of freehold land	Within 9 months	25,450,000	(21,509,000)	(3,941,000)	-
Construction of medical centre	Within 12 [1] months	25,000,000	(8,696,000)	-	16,304,000
Working capital	Within 12 months	4,997,000	(9,101,000)	4,104,000	-
Estimated expenses in relation to the Rights Issue	Upon completion	550,000	(387,000)	(163,000)	-
	Total	**55,997,000**	**(39,693,000)**	**-**	**16,304,000**

Note:
[1] The construction progress of the medical centre has been affected by the impact of COVID-19 pandemic and government-imposed lockdowns. As a result, the Company anticipated a delay of twenty-four (24) months to complete the construction of medical centre.

2. Audit Fees and Non-Audit Fees

The fees incurred for the services rendered to the Company and its subsidiaries by the Company's external auditors and firm affiliated to the external auditors for the financial year ended 31 March 2023 were as follows:

	Group RM	Company RM
Audit Fees	102,300	57,000
Non-Audit Fees	25,200	2,700

Non-audit fee payable to the external auditors and their affiliated companies for the financial year ended 31 March 2023 by the Group comprising tax agent fees, and fees for review Statement on Risk Management & Internal Control.

ADDITIONAL COMPLIANCE INFORMATION (continued)

3. Material Contracts involving the Interests of the Directors and Major Shareholders

There were no material contracts entered into by the Group involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial year.

4. Contract Relating to Loan

There were no contracts relating to a loan entered by the Group involving the Directors and major shareholders' interests during the financial year.

5. Related Party Transactions and Recurrent Related Party Transactions

An internal compliance framework exists to ensure that the Group meets its obligations under Bursa Malaysia Securities Berhad Main Market Listing Requirements and other applicable guidelines in connection with related party transactions ("RPT").

The Company had obtained approval from shareholders through shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature with regards to transactions that may occur in the ordinary course of business of the Group at the Seventy-Fifth (75^{th}) Annual General Meeting ("AGM"). The shareholders' mandate shall continue to be in force until the conclusion of the forthcoming AGM and is subject to renewal by the shareholders at the said AGM. The Company will be seeking for new shareholders' mandate for recurrent related party transactions at the coming annual general meeting to be convened on 30 August 2023.

The details of the transactions with related parties undertaken by the Group during the financial year ended 31 March 2023 are disclosed in Note 31 to the audited financial statements on pages 193 to 194 of this Annual Report.

6. Employee Share Scheme

There was no employee share scheme implemented by the Company during the financial year under review.

FIVE-YEAR FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 MARCH 2019 TO 31 MARCH 2023

IN RM ('000)	2019	2020*	2021	2022	2023
Group Revenue	52,928	75,240	22,605	54,831	47,628
Group (Loss)/Profit Before Taxation	(1,966)	9,834	(2,149)	1,958	5,011
Taxation	(1,042)	(2,936)	298	(798)	(1,055)
Group (Loss)/Profit After Tax	(3,008)	6,898	(1,851)	1,160	3,956
Non-Controlling Interests	-	-	(5)	(15)	4
Total Comprehensive (Loss)/ Income Attributable to Owners of the Parent	(2,649)	1,381	(1,832)	1,175	3,952
(Loss)/Earnings Per Share (Sen) - Basic	(1.61)	3.70	(0.99)	0.25	0.53
Net Assets Per Share (Sen)	128	129	128	40	40
Shareholders' Fund	238,950	240,036	238,206	295,378	299,331

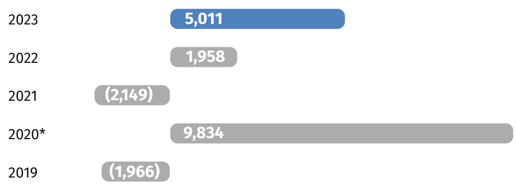
*The amount for the financial year ended 2020 is excluding amount from discontinued operations.

Group Revenue ('000)

RM47,628

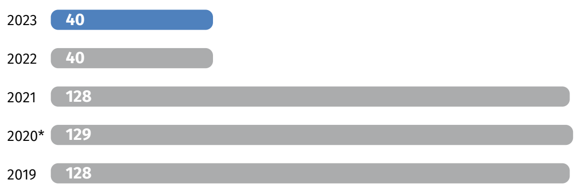
Group Profit Before Taxation ('000)

RM5,011



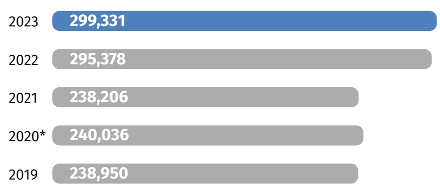
Net Assets Per Share (Sen)

40



Shareholders' Fund ('000)

RM299,331



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board of Directors is required under Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are required by the Companies Act 2016 to prepare financial statements which will give a true and fair view of the financial position of the Company and the Group as at the end of the financial year and of the financial performance and cash flows of the Company and the Group for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made reasonable and prudent judgments and estimates;
- ensured all applicable accounting standards have been complied with; and
- prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors are also responsible for ensuring that the Group keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Company and the Group as to ensure that the financial statements comply with regulatory requirements. The Directors have also ensured timely release of quarterly and annual financial results of the Group to Bursa Securities that enable the public and investors to be well informed of the Group's constant development.

The Directors are satisfied that, in preparing the financial statements of the Company and the Group for the year ended 31 March 2023, the Company and the Group have applied the appropriate and relevant accounting policies consistently; made judgments and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

In addition, the Directors have taken reasonable steps to preserve the interests of stakeholders, to safeguard the assets of the Company and the Group, to prevent and detect fraud and other irregularities.

This Statement on Directors' responsibility is made in accordance with the resolution of the Board of Directors dated 18 July 2023.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of Paragon Globe Berhad ("the Company") (collectively with the subsidiaries, "the Group") is pleased to present the Audit Committee Report for the financial year ended 31 March 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") as follows:

Composition of the Audit Committee

As at the date of this Report, the Audit Committee ("AC") consists of three (3) members, all of whom are Independent Non-Executive Directors. The composition of the AC are as follows:

Name	Position	Designation
Mr. Tee Boon Hin	Chairman	Senior Independent Non-Executive Director
Dato' Haji Ismail Bin Karim	Member	Independent Non-Executive Director
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	Member	Independent Non-Executive Director

All the AC members satisfied the test of independence under the MMLR and none of the Independent Non-Executive Directors has appointed an Alternate Director. There is also no former key audit partner has been appointed as a member of the AC unless the said former key audit partner has observed a cooling-off period of at least three (3) years. The current composition of the AC is in compliance with Paragraph 15.09(1)(a), (b) and 15.09(2) of MMLR and the Step-up Practice 9.4 of the Malaysian Code on Corporate Governance.

The AC Chairman, Mr. Tee Boon Hin, who is not the Chairman of the Board of the Company, is a fellow member of the Malaysian Institute of Accountants ("MIA"). Therefore, the Company complied with the requirement of Paragraph 15.09(c)(i) of the MMLR. He possessed the necessary skills, capabilities and attributes to ensure that all AC meetings are efficiently conducted by fostering open discussions with all members of the AC during meetings so as to facilitate thorough considerations of all subject matters presented to the Committee. All members of the AC are financially literate and appropriately qualified with sound knowledge and experience in accounting, business and financial management.

Terms of Reference

In discharging its roles and responsibilities, the AC operated and guided under its terms of reference ("TOR"), which is approved by the Board and is available on the Company's website at **https://pgbgroup.com.my/audit-committee/**.

Meetings and Attendance

During the financial year ended 31 March 2023, the AC convened a total of six (6) meetings, which the details of attendance of each AC Members were as follows:

Name	Position	Meeting Attendance (1st April 2022 to 31st March 2023)	
Mr. Tee Boon Hin	Chairman	6/6	100%
Dato' Haji Ismail Bin Karim	Member	6/6	100%
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	Member	6/6	100%

As per TOR, the AC shall meet at least four (4) times in each financial year and additional meeting may be called at any time at the discretion of the Chairman. In fact, the AC has met six (6) times during the current financial year. The AC members were served with the notice, meeting agenda and relevant Board papers which were distributed, with adequate notice, prior to each meeting to facilitate effective deliberation and decision making at the respective meetings.

The executive board member, including the Executive Chairman, Group Executive Director, Senior Management and Management attended the AC meetings held during the financial year upon invitation by the Chairman of the AC. The representative of the outsourced Internal Audit Function also attended the AC meeting held during the financial year to table respective Internal Audit reports. One (1) separate session with the Internal Audit Function to discuss on any others matters without the presence of the Executive Board members and Management is held on the same day of AC Meeting.

The AC also meets with the External Auditors as and when there are matters concerning audit and financial reporting of the Group for review and discussions. The External Auditors had also presented their audit plan and audit findings to the AC. Two (2) separate sessions with the External Auditors to discuss on any others matters without the presence of the executive board members and Management is also held on the same day of AC Meeting.

The AC has direct access to the External Auditors and Internal Auditors, or vice versa. The AC reported to and updated the Board on significant issues and matters discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board.

The Company Secretaries attended in all meetings where the records of proceedings of the AC Meetings are documented and maintained in the Minutes book. The Minutes of the AC Meetings were recorded and tabled for confirmation at the following AC Meeting and subsequently presented to the Board for notation.

The External Auditors presented the Annual Transparency Report to the Board pursuant to the requirement of the Audit Oversight Board.

During the financial year, the Board was satisfied that the AC and its members have been able to discharge its functions, duties and responsibilities in accordance with the TOR of the AC.

AUDIT COMMITTEE REPORT (continued)

Summary of Work and Activities

During the financial year under review, the AC has carried out the following works and activities in accordance with the TOR which are in line with its responsibilities:

1. Financial Reporting

a. Reviewed the unaudited quarterly financial results of the Group and year-end financial statements focusing particularly on any change in the accounting policies and its implementation, significant and unusual events highlighted, going concern assumption and compliance with accounting standards and other legal requirements for making suitable recommendations to the Board for approval before releasing the results to Bursa Securities and the Securities Commission.

b. Reviewed the significant matters/key audit matters highlighted by auditors in the financial statements and significant judgements made by Management.

c. Discussed with Management the financial reporting standards applied during the financial year including the judgements exercised and the critical accounting estimates and assumptions used.

2. External Audit

a. Reviewed the External Auditors' scope of work and Audit Planning Memorandum which set out the auditor's responsibilities and deliverables, audit approach, scope, audit and non-audit fees in respect of the audit of the Group's financial statements for the financial year ended 31 March 2023.

b. Reviewed the financial statements of the Group with the External Auditors to ensure adequacy of disclosure of information essential to a fair and full presentation of the financial affairs of the Group for recommendation to the Board for approval of submission to Bursa Securities and the Securities Commission and for the presentation to the Shareholders.

c. Reviewed together with the Management and the External Auditors, the significant audit findings in respect of the audit of the financial statements of the Group.

d. Reviewed for any provisions, write-offs and capital expenditures required to be made for the financial year.

e. Reviewed the reasonableness of the audit fees charged against the size and complexity of the Group.

f. Met with External Auditors twice without the presence of the Management on 26 May 2022 and 28 February 2023 to ensure the External Auditors able to carry out the work without limitation and interference and to exchange independent views on any issues arising from audit or any other matters which the External Auditors wished to raise. The External Auditors do not have any areas of concern to highlight to the AC and they have received full co-operation from the Management.

g. Reviewed and evaluated the performance of External Auditors and their independence, objectivity and effectiveness as well as their ability to serve the Group through assessment questionnaires and make recommendations to the Board. The External Auditors have provided assurance that they were independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements. Premised on satisfactory assessment and upon recommendation of AC, the Board is satisfied with the performance of External Auditors and recommended the re-appointment of External Auditors to shareholders for approval at forthcoming Annual General Meeting.

AUDIT COMMITTEE REPORT (continued)

3. Internal Audit

a. Reviewed and approved the Group's internal audit plan to ensure adequate scope and coverage of the Group's activities based on identified key internal control risk areas.

b. Reviewed the internal audit reports, audit findings, recommendations for improvement issued by internal auditors and management's responses thereto, and agreed actions in rectifying identified weaknesses.

c. Evaluated the performance and competency of the Internal Audit teams to ensure that they maintained professional knowledge and expertise. Premised on satisfactory assessment and upon recommendation of AC, the Board is satisfied with the performance of Internal Auditors and approved the re-appointment of Internal Auditors at the audit fee to be determined later subject to the agreed audit area and audit period.

d. Reviewed any amendments to the internal audit charter to ensure that the internal audits' activity, purpose, authority and responsibility is adequate to enable the Internal Auditors to accomplish its objectives.

e. Met with Internal Auditors once without the presence of the Management on 25 August 2022 to ensure the Internal Auditors able to carry out the work without limitation and interference and to exchange independent views on any issues arising from audit or any other matters which the Internal Auditors wished to raise. The Internal Auditors do not have any areas of concern to highlight to the AC and they have received full co-operation from the Management.

4. Related Party Transactions which include Recurrent Related Party Transactions ("RRPT")

a. Reviewed on quarterly basis the related party transactions entered into by the Company and the Group to ensure such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company.

b. Reviewed the adequacy of the review procedures in place by the Group for related party transactions to ensure that related parties are appropriately identified and the transactions with related parties are in compliance with Approved Accounting Standards, Listing Requirements of Bursa Securities and requirements of other relevant authorities.

c. Reviewed and monitored recurrent related party transactions for which shareholders' mandate have been granted to ensure that:

   (i) transactions were undertaken on arm's length basis and normal commercial terms;
   (ii) terms entered are not more favourable to the related parties than those generally available to the public;
   (iii) not to the detriment of minority shareholders and in the best interest of the Group; and
   (iv) transactions are transacted within the limits prescribed.

d. Reviewed the estimated recurrent related party transaction mandate for the year and recommended to the Board to seek renewal of shareholders' mandate at the forthcoming Annual General Meeting.

5. Risk Management and Internal Control

Reviewed risk management process and internal control procedures to ensure a sound system has been implemented to manage identified risks.

6. Compliance

a. Reviewed related compliance issues arising from changes to the Bursa Securities, Securities Commission, Malaysian Accounting Standards Board and other legal and regulatory bodies.

b. Reviewed the AC Report before recommending to the Board for approval and inclusion into the Annual Report 2023.

c. Reviewed any other reports issued by the Company which is the purview of the Committee's responsibilities.

AUDIT COMMITTEE REPORT (continued)

7. Others

a. Reviewed the Group's Budget for the financial year ended 31 March 2023 and made suitable recommendations to the Board for approval and adoption.

b. Reviewed the Annual Report (which included the Corporate Governance Statement, Corporate Governance Report, Audit Committee Report, Statement on Risk Management and Internal Control, Management Discussion and Analysis, Additional Compliance Information as well as Statement of Directors' Responsibilities) and the Audited Financial Statement of the Group and recommended their adoption to the Board, deliberated the disclosure requirements for sustainability statement and noted the management action plan.

Internal Audit Function

The AC is supported by Needsbridge Advisory Sdn Bhd, an independent professional firm as the Internal Audit Function of the Group, in discharging its duties and responsibilities in maintaining a sound framework of system of internal controls and risks management. The principal objective of the Internal Audit Function is to provide independent assessment on the adequacy and effectiveness of the Group's internal control system and evaluate the processes of compliance with Group policies and procedures.

The function of internal audit is guided by its Internal Audit Charter which defines the authority, independence and objectivity as well as its duties and responsibilities. The outsourced Internal Audit Function reports directly to AC and has direct access to the members of the AC as deemed necessary.

The engagement director of the outsourced Internal Audit Function is a Certified Internal Auditor and Certification in Risk Management Assurance. He is also a chartered member of the Institute of Internal Auditors Malaysia. The internal audits have been carried out in accordance with the International Professional Practices Framework ("IPPF"). The audit engagement of the outsourced Internal Audit Functions is governed by the engagement letter with key terms including purpose and scope of work, accountability, independence, the outsourced internal audit function's responsibilities, Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the AC for its reporting to the Board for ultimate approval.

During the financial year, the internal audit function has carried out the following key activities:

a. Prepared the annual audit plan for deliberation and approval by the AC.

b. Performed scheduled internal audits based on the audit plan presented to and approved by the AC. During the financial year under review, the internal audits carried out included reviewing the adequacy and effectiveness of the systems of internal control for human resource management as well as project and site management. The findings of reviews, potential risk implications, recommendations including the recommended management action plan and person-in-charge together with date of implementation were presented directly to the AC. Upon the satisfaction of audit findings, the AC is able to provide assurance to the Board on the effectiveness of the system of internal controls and risk management practices of the Group in order to safeguard the shareholders' investment and the Group's assets.

c. Performed follow up procedures on the implementation of agreed upon action plans to ensure that necessary actions have been taken/ are being taken as recommended.

d. Reviewed on ad-hoc basis, areas where there were concerns that affected financial reporting, internal controls and governance.

The total cost incurred for the Group's Internal Audit Function in respect of the financial year ended 31 March 2023 was RM50,000 (2022: RM38,000).

The Audit Committee Report is made in accordance with a resolution of the Board dated 18 July 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

In compliance with Paragraph 15.26(b) and Practice Note 9 of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR") and the Malaysian Code on Corporate Governance ("MCCG"), the Board of Directors ("the Board") of Paragon Globe Berhad ("the Company") (collectively with the subsidiaries, "the Group") is pleased to provide the Statement on Risk Management and Internal Control which outlines the nature and scope of Group's risk management and internal control for the financial year ended 31 March 2023 ("FY2023"). This statement was prepared in accordance with the "Statement on Risk Management & Internal Control - Guidelines for Directors of Public Listed Issuers" ("the Guidelines") issued by the Institute of Internal Auditors Malaysia. The scope of this Statement includes the Company and its operating subsidiaries.

The Board's Responsibilities

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control system and for reviewing their adequacy and effectiveness. This ensures assurance on the achievement of the Group's strategies and business objectives as well as safeguarding the interest of all stakeholders and protecting the Group's assets. Risk management is an ongoing process that involves identifying, evaluating, responding to, managing and monitoring significant risks that may affect the Group's business performance. It ensures that optimum operational function is maintained within an acceptable risk appetite while striving to achieve the Group's overall strategic objectives.

The Board is responsible for establishing the risk appetite of the Group based on the strategies, business objectives, internal and external business context, business nature and corporate lifecycle. The Board is committed to establishing and maintaining an appropriate control environment and governance framework. This framework is embedded into the corporate culture, processes and strategies of the Group and it articulates and implements the risk management and internal control system. This system encompasses not only financial controls but operational and compliance controls as well as risk management.

The Board has entrusted the Risk Management Committee ("RMC") with the governance oversight function concerning risk management matters of the Group. The RMC reviews the effectiveness of the risk management framework in identifying, assessing, and managing risks. On the other hand, the Audit Committee ("AC") is responsible for reviewing the adequacy and effectiveness of the risk management and internal control system through its oversight role in relation to the internal audits conducted by an independent assurance provider. The Management, led by Executive Chairman, is entrusted with the implementation of the risk management system required by the Board. This system aims to minimise risks faced by the Group and optimise opportunities for exploitation in line with the risk appetite. The Management's duties include identifying, assessing and managing key business risks and opportunities as well as the continuous reviewing and monitoring existing risks and emerging risks and opportunities.

Through RMC and AC, the Board is kept informed on all significant risk events and control issues brought to their attention by the Management, the internal audit function and the external auditors. This provides the Board with reasonable assurance that any impact arising from foreseeable future events or situations are properly managed and/or mitigated.

The system of internal controls encompasses control environment, risk assessment, control activities, information and communication and monitoring activities. However, the Board is equally aware that such systems and processes are designed to manage, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. In this regard, the risk management framework and internal control system can only provide reasonable assurance, rather than absolute assurance against material misstatement of financial information and records or against material financial losses or fraud.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Risk Management

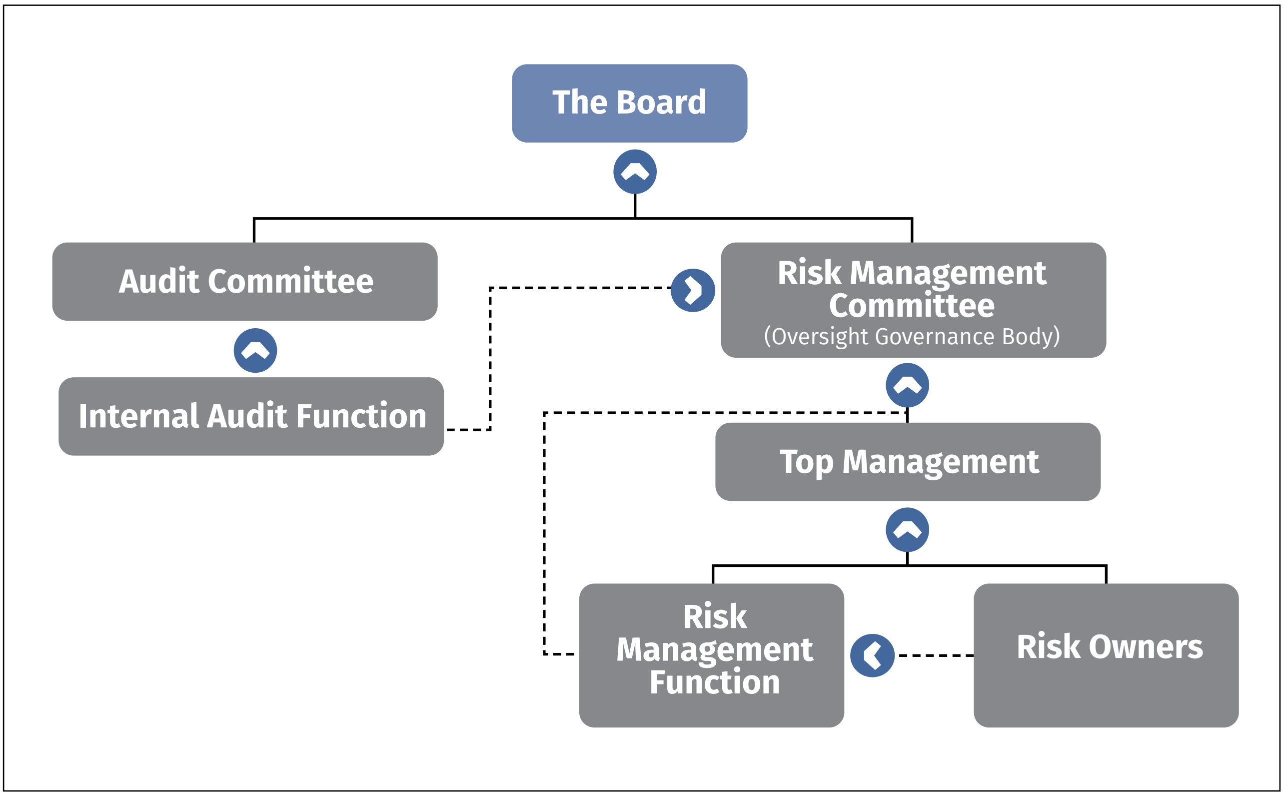
The Board maintains an ongoing commitment to identifying, evaluating and managing significant risks faced by the Group during the financial year under review. To embed the practice of risk management throughout the Group and effectively manage key business risks and opportunities, the Board has established a structured Group Risk Management Framework as the governance structure and processes for the enterprise-wide risk management. The principles, practices and process of this framework, established by the Board are, in material aspects, guided by the ISO 31000:2018 - Risk Management - Guidelines.

The Group strives to inculcate an organisational culture of risk awareness and management across all business processes and strategic planning. The risk appetite has been set by the Board and expects Management to operate within the established risk management framework, providing a strong foundation for proactive risk considerations in business processes and decision making.

Objectives of the Risk Management Framework include, but are not exclusive to:

a) Provide guidance for identifying, managing, reporting and monitoring risks;
b) Provide guidance for risk consideration within the tolerable threshold throughout business processes and decision making; and
c) Clearly defined the roles and responsibilities and reporting structure.

The Group Risk Management Framework established lays down the risk management's objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group established as follow:



The Board delegates the duties of identifying, evaluating and managing key risks to the Top Management (defined as Senior Management made up of Executive Directors), led by the Executive Chairman with governance oversight function delegated to RMC. Risk Management Function ("RMF"), as the second-line role, providing management oversight and monitoring risk management activities within the Group. The detailed roles and responsibilities of the Board, RMC, AC, Top Management, Risk Owners, RMF and Internal Audit Function are defined in the Group Risk Management Framework. The composition, roles and responsibilities of the RMC and RMF are listed below.

The RMC consists exclusively of Independent Non-Executive Directors and has the following roles and responsibilities:

a) To oversee the risk management matters, including but not limited to, framework, policies, and procedures;
b) To review the effectiveness of the risk management framework in identifying and managing risks and internal processes. This includes, but not limited to, ensuring the adequacy of risk management policy and infrastructure to facilitate the implementation of action plans for risk management (including risk appetite to the Board);
c) To ensure implementation and compliance with approved Group Risk Management Framework (including policies and processes) and to ensure that key risks, risk events and trigger/intermediate risk identified are being identified and responded to appropriately;
d) To review the trends in the Key Risk Indicators and its implications on risks and risk events, Performance Indicators, changes to the Key Risk Profile and Risk Incident reported on a periodical basis (at least on annual basis) or when appropriate (due to significant change to the internal and external business context), the course of action to be taken by Management in managing the changes and incidents reported;
e) To review sustainability matters (identified by the Sustainability Steering Committee) included in Key Risk Report for risk monitoring per (d) above and report to the Board;
f) To review and assess the adequacy and effectiveness of the Group Risk Management Framework (including policies and processes), risk appetite and support systems. The RMC recommends continuous improvements as may be deemed necessary to the Board based on the results of its review and results of performance assessment and recommendations from RMF;
g) To review and assess the risks associated with all proposed strategic transactions of the Group and report the same to the Board of Directors for its deliberation of the transaction; and
h) To review the adequacy and effectiveness of the Group's system of internal controls established by the Management to manage key business risks through internal audit reports from Internal Audit Function and other assurance functions (if any).

RMF is led by the Corporate Compliance Officer and assisted by members from the finance and legal departments of the Company. The roles and responsibilities of RMF as the management oversight and monitoring functions are as follow:

a) Acting as central reference and guide for all risk management issues within the Group;
b) Facilitating, supervising and monitoring the implementation and compliance of Group Risk Management Framework, risk management policy and process (post implementation) within the Group and to report any non-compliance to Top Management and RMC;
c) Facilitating and coordinating all risk management processes and activities (for example, continuous monitoring of risks and risk events identified, identification and incorporation of new or emerging risks and risk events into Risk Register (including risks arising from sustainability matters), update (including analysis and evaluation) of risks and risk events, project leader in dealing with new or changes in material risks and risk events, progress of mitigation plans implementation, risk reporting and continuous improvement in risk management process) within the Group;
d) Documenting all risk management activities within the Group;
e) Planning or coordinating internal assurance activities related to the risk management process and its components and to report the results of internal assurance activities (with mitigation plans) to Top Management and RMC;
f) Reporting on the compliance performance of Group Risk Management Framework, the trends in Key Risk Indicators, changes in the Key Risk Profile due to new or emerging risks and risk events or changes in the existing risks and risk events, the mitigation plans (and its progress), Risk Incidents (including its mitigation plans and incidents of material risks not mitigated);

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

g) Ensuring the emergence of new business risks or change in the existing risks and risk events (including risks arising from sustainability matters) (and mitigation plans) are properly recorded by Risk Owners using the Risk Register with such risks or risk events are properly identified, analysed and evaluated on a timely manner and escalate to Top Management (as permitted by the significance of the key risks or risk events) and/or RMC (as permitted by the significance of the key risks or risk events);
h) Reviewing the trends in the Key Risk Indicators and its implications on risks and risk events as reported by Risk Owners and escalate to Top Management (as permitted by the significance of the key risks or risk events) and/or RMC (as permitted by the significance of the key risks or risk events);
i) Reviewing on the Performance Indicators for risk performance reported by Risk Owners and escalate to Top Management (as permitted by the significance of the key risks or risk events) and/or RMC (as permitted by the significance of the key risks or risk events);
j) Reviewing the occurrence of the Risk Incidents and its mitigation plans (as to its adequacy) as reported by the Risk Owners and escalate to RMC (as permitted by the significance of the key risks or risk events);
k) Together with the above monitoring and review functions, reviewing and assessing the adequacy and effectiveness of the Group Risk Management Framework (including policies and processes) and to recommend continuous improvements as may be deemed necessary to the Top Management and RMC based on the results of its review;
l) Ensuring proper reporting and communication of all risk matters (including risks arising from sustainability matters) at appropriate level, including but not limited to, the use of the Risk Register or meetings or other electronic platforms to facilitate the risk management process and reporting are embedded into daily operations to decision making at highest governance body of the Group; and
m) Ensuring adequacy of appropriate trainings at appropriate level of staffs on risk management process and reporting so that risk awareness is maintained or improved and risk management process and reporting are embedded into daily operations to decision making at highest governance body of the Group.

The Group Risk Management Framework specifies a structured risk management process, outlining each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by the Top Management and Risk Owners.

Risk assessment, at the gross and residual levels, is guided by the likelihood rating and impact rating established based on the risk appetite acceptable to the Board. Risk identified includes sustainability matters identified during sustainability assessment process. Based on the risk management process stipulated in Group Risk Management Framework, Risk Registers are compiled or updated by the Top Management and Risk Owners, on a yearly basis or there are changes in internal and/or external business context require such update. RMF coordinates the updates of Risk Register with the assistance and feedback from the Risk Owners and also through the results of the assurance activities.

Key Risk Report and Key Risk Profile are compiled by RMF based on updated Risk Registers and submitted to the Top Management for their review. Subsequent to the review by the Top Management, Key Risk Report with Key Risk Profile compiled therefrom are made available by the RMF to the RMC for review. The RMC subsequently reports the result of such review to the Board for their final review and decision.

During the financial year under review, Top Management and Risk Owners conducted an assessment exercise, facilitated by the outsourced consultant, whereby existing strategic, governance, sustainability, fraud and operational risks were reviewed, and any new emerging risks identified, assessed and incorporated into Risks Registers for on-going risk monitoring and assessment. To align the Group's anti-bribery activities to the Adequate Procedures Principle II - Risk Assessment per Guidelines on Adequate Procedures Pursuant to Subsection 5 of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 and compliance with Paragraph 15.29(c) of Main Market Listing Requirements, bribery risk assessment was performed by Top Management and Risk Owners concurrently with the risk assessment activities performed during the financial year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

The Risk Owners identify and assess the aforementioned risk events from strategic, governance, financial, sustainability, bribery, fraud and operational perspective to provide comprehensive coverage of the applicable risks' events to the Group. The risk events identified and assessed by the Risk Owners are the building blocks of the Key Risk Profile of the Group, where the constituents (i.e. the risk events) of the Key Risks with their relationship (including triggering/intermediate events) are considered and consolidated in order to provide an overview, yet not overwhelming, of the overall risk profile of the Group so that the RMC and the Board of Director can review, form an opinion on its adequacy and effectiveness and respond to.

The Enterprise Risk Report, which consists of key risk profile (comprising of strategic, governance, financial, sustainability, bribery, fraud and key operational risks) and likelihood and impact rating used during risk management process by RMF, was compiled and tabled to the RMC and the Board for review and deliberation.

During the financial year under review, the RMC met once to review the Enterprise Risk Report and key risk profile and reported to the Board on the results of its review.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and key risks/risk events identified for each internal audit cycles based on the internal audit plan approved by the AC.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this Statement.

Integrating Risk Management with Sustainability

The Board and members of Management recognises the importance of integrating sustainable practices to ensure long-term value creation for the organisation and stakeholders. With approval from the Board, the Group continues to report material sustainability matters in line with regulatory requirements as disclosed in the "Sustainability Statement" section of this Annual Report.

Internal Controls System

The key features of the Group's internal control system are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities. Each component represents fundamental concepts associated with the internal control system.

Board of Directors and Board Committees

The role, functions, composition, operation and processes of the Board are guided by a formal Board Charter, which specifies the roles and responsibilities of the Board, the Executive Chairman, Executive Directors and Non-Executive Directors to ensure the independence of the Board from the Management. Board Committees (i.e. Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee) are established to carry out duties and responsibilities delegated by the Board governed by written terms of reference.

Meetings of the Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective, and to carry out its fiduciary duties and responsibilities. Potential business strategies proposed by the Executive Directors for the Board's review and approval, after taking risk into consideration and responses thereto.

Integrity and Ethical Value

The tone from the top on integrity and ethical value is enshrined in a formal Code of Conduct established and approved by the Board. This Code forms the foundation of the Group's integrity and ethical value. Integrity and ethical value expected from the employees are also incorporated in the Employee Handbook whereby the ethical behaviours expected from them are stated.

To further enhance the ethical value throughout the Group, formal Anti-Bribery and Anti-Corruption Policy and Conflict of Interest and Related Party Transactions Policy had been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group. The details of the Group' Anti-Bribery and Anti-Corruption Policy and Conflict of Interest and Related Party Transactions Policy are available on the Company's website at **https://pgbgroup.com.my/corporate-governance/**.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Formal Whistleblowing Policy is implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices to competent governance body with the Group. The Policy is available for download from the Company's website at **https://pgbgroup.com.my/corporate-governance/** for ease of access.

Organisation Structure and Accountability

The Group has a well-defined organisational structure with proper delegation of responsibilities and accountability, including authorisation levels for all aspects of business operations. Various Board, Management and operational committees are in place to facilitate the decision-making process.

Board Committees have been established to assist the Board in discharging its duties which includes Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee. These Committees have been given specific authority and responsibilities, which are stipulated in their respective terms of reference. The structure and terms of reference of these Committees are reviewed to ensure that they remain effective and aligned to the Group's needs.

Risk Assessment and Control Activities

Risk assessment (including fraud and bribery risk) is performed by Risk Owners at scheduled interval or when there is change in internal and/or business context in accordance with Group Risk Management Framework. Internal controls, as risk responses, are formulated and implemented to mitigate risks identified to a level acceptable by the Board, i.e. the risk appetite.

Operational Policies and Procedures

Standard Operating Procedures ("SOPs") have been formalised and documented for the key business processes to manage identified risks and ensure uniformity and consistency of practices and controls within the Group. These policies and procedures are regularly updated to remain current, relevant and aligned with evolving business environment and operational needs. The SOPs undergo review and improvement alongside the internal audit review of the selected operational areas.

An annual budget is prepared and presented to the Board for approval. Any variances of actual performance against budget are monitored and reported on a quarterly basis to Management and to the Board. Appropriate actions are devised to address any areas of concerns arising from the regular review.

Capital expenditures and investment options are referred to the Board for review and approval.

Information and Communication

At operational level, clear reporting lines are established across the Group and operation and management reports are prepared for dissemination to relevant personnel. This ensures effective communication of critical information, including risk information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the attention of the Board and Executive Directors are highlighted for timely review, deliberation and decision making.

The Group has implemented effective and efficient information and communication infrastructures and channels, such as computerised systems, secured intranet, electronic mail system and modern telecommunication. These infrastructures enable the timely and secure communication of operational data, including risk information and management information to dedicated personnel within the Group for decision making and communication with relevant external stakeholders. Apart from that, relevant financial and management reports are generated for different level of the organisation structure for review and decision making. The Management and board meetings are held for effective two-way communication of information at different level of Management and the Board.

Monitoring and Review

Regular risk-based internal audit (i.e. focusing on key risk areas) are carried out by the internal audit function to provide independent assurance on the effectiveness and efficiency of the Company's internal controls system and advising Management on areas for improvements. The internal audit function reports directly to the AC. In addition to the internal audits, significant control issues highlighted by the External Auditors as part of their statutory audits and the surveillance audit by regulators, the external assurance providers.

Corrective actions are formulated and implemented to address incidents of non-compliance and exceptions reported with their implementation monitored.

The AC meets at least four times a year. The Committee meets with the Internal Auditors and External Auditors to review their reports. The AC reviews the significant audit observations and/ or area of improvement and ascertains those appropriate remedial actions or improvements are taken by the Management. The Committee also evaluates the adequacy, effectiveness and efficiency of the Group's internal control systems.

Human Resource Management

Recruitment procedures are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development.

Internal Audit Function

The Group relies on internal audit function as the third-line roles to provide the Board and the Management with the required level of assurance regarding the adequacy and effectiveness of the governance, risk management, internal control system. This ensures the mitigation of organisational risks to achieve the Group's business objectives and in line with the risk appetite.

The Group's internal audit function is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn Bhd, which reports directly to the AC. The engagement director of the outsourced internal audit function, namely, Mr. Pang Nam Ming, is accredited by the Institute of Internal Auditors Global as Certified Internal Auditor and for Certification in Risk Management Assurance. He is also a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance with the Standards to Institute of Internal Auditors during his annual renewal.

The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter, which include key terms such as the purpose and scope of works, accountability, independence, responsibilities of the outsourced internal audit function, the Management's responsibilities, authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review and approval by the AC for its reporting to the Board for ultimate approval.

During the financial year under review, sufficient resources were allocated to the fieldworks of the internal audit by the outsourced internal audit function based on the scope of internal audit work approved by the AC. The internal audit function was manned by one (1) manager, assisted by at least one (1) senior consultant and at least one (1) consultant per audit engagement with oversight performed by the engagement director.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The risk-based internal audit plan in respect of the FY2023 was prepared by the outsourced internal audit function, taking into consideration of the existing and emergent key business risks identified by the Group, Management's input and the assessment of the previous internal audits performed. Such internal

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

audit plan was presented to the AC for review before being recommended to the Board for approval. Scheduled internal audits were performed by the outsourced internal audit function based on the approved internal audit plan. Any subsequent change to the approved plan and scope was referred to the AC for review and recommendation to the Board for approval prior to the commencement of the audit.

During the FY2023, in accordance with the internal audit plan (and any amendments thereof) approved by AC, the outsourced internal audit function conducted internal audit on the topics related to the "Human Resource Management" and the "Project and Site Management" of the Group. At the conclusion of the audits, weaknesses together with the recommended corrective actions were highlighted to the Management. There were no material losses incurred during the current financial year as a result of the weaknesses in the internal control systems and the Management is proactive in strengthening the internal control environment.

As third-line roles, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls in order to determine the adequacy and effectiveness of governance, risk and control structures and processes. The root causes of the internal audit observations are included as part of "Findings" or "Recommendations", the recommendations from the outsourced internal audit function are formulated for improvement based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the standard operating procedures and/or process flows provided and observations of the functioning of processes against the results of interviews, documented standard operating procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

After completing the internal audit field work during the financial year, the internal audit report was presented to the AC during its scheduled meetings. This presentation included internal audit findings, priority level, risk/potential implication and, recommendations as well as management response/ action plans and person-in-charge together with date of implementation. These aspects were presented and deliberated with the members of the AC to form an opinion on the adequacy and/or effectiveness of the governance, risk and control of the business process under review. In addition, during the scheduled AC meetings, the outsourced internal function reported its staff strength, qualification, experience and continuous professional education for review by the AC.

Based on the evaluation of performance of internal audit function and review of the works performed as well as deliverables by the outsourced internal audit function during the financial year, the AC and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit and/or investigation undertaken (if any).

The total costs incurred for the outsourced internal audit function for the FY2023 amounted to RM50,000 (2022: RM38,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Assurance Provided by Executive Chairman and Finance Director

In accordance with the Guidelines, the Executive Chairman, being the highest ranking executive in the Company and the Finance Director, being the person primarily responsible for managing the financial affairs of the Company, have provided assurance to the Board that to the best of their knowledge the risk management and internal control system of the Group are operating effectively and adequately, in all material aspects, to meet the Group's objectives during the financial year under review based on the risk management and system of internal controls described above.

Opinion and Conclusion

During the meetings of the Board and Board Committees held during the financial year under review, the performances of the Group were reviewed and deliberated. This included, but was not limited to, the adequacy and effectiveness of specific risk management and internal audit activities implemented by the Group to address potential business risks identified during those reviews and deliberation. Through such reviews by the Board Committees and the Board as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by Executive Chairman and Finance Director and internal audits conducted by outsourced internal audit function, other professionals and regulatory bodies and reported to the Board Committees and the Board, the Board is of the opinion that the governance, risk management and internal control system are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's internal control systems and improve the risk maturity in the Group. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

Review of Statement on Risk Management and Internal Control by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management & Internal Control for inclusion in the annual report of the Group for the financial year ended 31 March 2023. Their review was performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control in Annual Report issued by the Malaysian Institute of Accountants. The External Auditors' procedures conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG 3 does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is neither prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor factually incorrect.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 18 July 2023.

FINANCIAL STATEMENTS
DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Directors 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 principal activity of the Company is investment holding. The principal activities of the subsidiaries are properties development, properties investment, and constructions. Further details of the subsidiaries are set out in Note 11 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	3,956,003	2,396,011
Attributable to:		
Owners of the parent	3,951,818	2,396,011
Non-controlling interests	4,185	-
	3,956,003	2,396,011

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year ended 31 March 2023.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no new issues of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT (continued)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Paragon Globe Berhad

Dato' Sri Edwin Tan Pei Seng
Dato' Sri Godwin Tan Pei Poh
Tee Boon Hin
Dato' Haji Ismail Bin Karim
Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar
Dato' Jeffrey Lai Jiun Jye
Leong Siew Foong (f) (Appointed on 16 June 2022)

Subsidiaries of Paragon Globe Berhad

Dato' Sri Edwin Tan Pei Seng
Dato' Sri Godwin Tan Pei Poh
Mohammed Khafidz Bin Mohamad Ishak
Tan Hui Boon

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 March 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	<--------------- Number of ordinary shares ---------------->			
	Balance as at 1.4.2022	Bought	Sold	Balance as at 31.3.2023
Shares in the Company				
Direct interests:				
Dato' Sri Edwin Tan Pei Seng	175,200	-	-	175,200
Dato' Sri Godwin Tan Pei Poh	8,000	-	-	8,000
Indirect interests:				
Dato' Sri Edwin Tan Pei Seng*	386,810,000	-	-	386,810,000
Dato' Sri Godwin Tan Pei Poh*	386,810,000	-	-	386,810,000
Shares in the ultimate holding company, Paragon Adventure Sdn. Bhd.				
Direct interests:				
Dato' Sri Edwin Tan Pei Seng	650,000	-	-	650,000
Dato' Sri Godwin Tan Pei Poh	350,000	-	-	350,000
Shares in subsidiary, Builtech Acres Sdn. Bhd.				
Direct interests:				
Dato' Sri Edwin Tan Pei Seng	500,003	-	-	500,003

* Deemed interest held through Paragon Adventure Sdn. Bhd..

DIRECTORS' REPORT (continued)

DIRECTORS' INTERESTS (continued)

By virtue of their interests in the ordinary shares of the Company and ultimate holding company, Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive any 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 other than the following:

(a) remuneration received by Directors as directors/executives of related companies; and

(b) by virtue of transactions entered into in the ordinary course of business.

There were no arrangements during and at the end of the financial year to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 March 2023 were as follows:

	Group RM	Company RM
Fees	324,000	258,000
Other emoluments	2,079,252	2,079,252
Estimated money value of benefits-in-kind	47,167	47,167
	2,450,419	2,384,419

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance to protect the Directors and officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The amount of insurance premium paid by the Group and by the Company for the financial year 2023 was RM17,500.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT (continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts to be written off and that provision need not to be made for doubtful debts; and
- (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

- (i) which would necessitate the writing off of bad debts or the making of provision for doubtful debts in the financial statements of the Group and of the Company;
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
- (iii) 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.

(d) In the opinion of the Directors:

- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (continued)

ULTIMATE HOLDING COMPANY

The Directors regard Paragon Adventure Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

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

(a) On 5 December 2019, PGPSB, a wholly owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("SPA") with a third party ("the Vendor") to acquire a piece of freehold land for total purchase consideration of RM60,962,220. The amount paid to the Vendor of RM12,192,444 in previous financial years had been recognised as deposit as disclosed in Note 13 to the financial statements.

On 17 November 2022, the proposed acquisition has completed pursuant to the terms of the SPA.

(b) On 24 June 2022, PPSB, a wholly owned subsidiary of the Company, had entered into three (3) Sale and Purchase Agreements ("SPAs") with third parties (collectively known as "the Vendors") to acquire three (3) pieces of freehold land located in Mukim of Plentong, Johor Bahru for total purchase consideration of RM38,079,420. The amount paid of RM3,807,942 (2022: RM701,589) has been recognised as deposits as disclosed in Note 13 to the financial statements.

Subject to the terms and conditions stipulated in the SPAs, the transactions are yet to be completed as at the financial year ended 31 March 2023, therefore the balance amount of RM34,271,478 had been disclosed as commitment in Note 21 to the financial statements.

Subsequent to the financial year, on 10 April 2023, these proposed acquisitions have been completed pursuant to the terms of the SPAs.

(c) On 9 November 2022 and 30 November 2022, PBHSB, a wholly owned subsidiary of the Company, had entered into two (2) separate Sale and Purchase Agreements ("SPAs") with third parties (collectively known as "the Vendors") to acquire two pieces of freehold land held under Geran 80943 Lot 2699 and GM 699 Lot 300, for total purchase consideration of RM81,018,000. The amount paid of RM8,101,800 has been recognised as deposits as disclosed in Note 13 to the financial statements.

Subject to the terms and conditions stipulated in the SPAs, the transactions are yet to be completed as at the financial year ended 31 March 2023, therefore the balance amount of RM72,916,200 had been disclosed as commitment in Note 21 to the financial statements.

Subsequent to the financial year, on 19 April 2023, the proposed acquisition for freehold land held under GM699 Lot 300 has been completed pursuant to the terms of the SPA.

Subjected to the terms and conditions stipulated in the SPA for Geran 80943 Lot 2699, the transaction is yet to be completed as at the reporting date.

(d) On 30 May 2023, PGPSB has entered into a Sale and Purchase Agreement ("SPA") with a third party ("the Vendor") and paid a deposit of RM250,488 to acquire a piece of freehold land located in Mukim of Pulai, Johor Bahru for total purchase consideration of RM2,504,884.

(e) On 19 June 2023, the Company subscribed the entire paid up capital of a newly incorporated company, namely PGB Iconic Sdn. Bhd. ("PISB") for total consideration amounting to RM100. Consequently, PISB become a wholly owned subsidiary.

On 3 July 2023, PISB has entered into a Sale and Purchase Agreement ("SPA") with a third party ("the Vendor") and paid a deposit of RM1,220,769 to acquire two pieces of freehold land located in District of Johor Bahru, Johor for total purchase consideration of RM12,207,690.

DIRECTORS' REPORT (continued)

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company and its subsidiaries for the financial year ended 31 March 2023 were as follows:

	Group RM	Company RM
Statutory audit	102,300	57,000
Other services	2,700	2,700
	105,000	59,700

Signed on behalf of the Board in accordance with a resolution of the Directors.

....

Dato' Sri Edwin Tan Pei Seng

Director

....

Dato' Sri Godwin Tan Pei Poh

Director

Johor Bahru

18 July 2023

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 144 to 205 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....

Dato' Sri Edwin Tan Pei Seng

Director

....

Dato' Sri Godwin Tan Pei Poh

Director

Johor Bahru

18 July 2023

STATUTORY DECLARATION

I, Eileen Tey Yee Lin (CA 28954), being the officer primarily responsible for the financial management Of Paragon Globe Berhad, do solemnly and sincerely declare that the financial statements set out on pages 144 to 205 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Johor Bahru, Johor this)
18 July 2023)

....

Eileen Tey Yee Lin

Before me:

Serena Kaur A/P Gubachen Singh (J252)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARAGON GLOBE BERHAD
194801000095(1713-A) (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Paragon Globe Berhad, which comprise the statements of financial position as at 31 March 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 144 to 205.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

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.

Key Audit Matter of the Group

(a) Fair value of investment properties

The Group's investment properties were carried at RM87,987,058 as at 31 March 2023 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in assessing the fair value. The valuation assessment which are assisted by independent valuer using comparison method, are based on recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, accessibility, size and shape of land, terrain, tenure, title restriction, planning provisions if any and other relevant characteristics.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON GLOBE BERHAD (continued)
194801000095(1713-A) (Incorporated in Malaysia)

Key Audit Matters *(continued)*

Key Audit Matter of the Group (continued)

(a) Fair value of investment properties *(continued)*

Audit response

Our audit procedures included the following:

(i) Obtained the independent valuation reports and assessed the competency, independence and integrity of the independent valuer;

(ii) Discussed with valuer to understand the basis of adjustments made to transacted price per square foot by considering factors related to the characteristics of each individual property, such as location, accessibility, size and shape of land, terrain, tenure, title restriction and comparable transaction dates; and

(iii) Benchmarked and challenged to external industry data on key inputs and comparable property transactions used by valuer.

Key Audit Matter of the Company

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

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 or 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON GLOBE BERHAD (continued)
194801000095(1713-A) (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:

(a) 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.

(b) 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 internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PARAGON GLOBE BERHAD (continued)
194801000095(1713-A) (Incorporated in Malaysia)

Other Matters

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

BDO PLT

201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Sia Yeak Hong

03413/02/2025 J
Chartered Accountant

Johor Bahru
18 July 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Plant and equipment	7	267,001	210,683	150,951	71,554
Right-of-use assets	8	1,718,498	1,360,589	1,199,883	605,346
Investment properties	9	87,987,058	66,149,572	-	-
Intangible assets	10	41,383	88,257	33,000	77,000
Investment in subsidiaries	11	-	-	147,655,263	187,640,950
Inventories	12	75,793,353	27,274,862	-	-
		165,807,293	95,083,963	149,039,097	188,394,850
Current assets					
Inventories	12	60,897,177	78,586,051	-	-
Trade and other receivables	13	19,479,807	22,719,965	33,772,546	872,559
Contract assets	14	530,414	-	-	-
Current tax assets		1,260,265	1,337,842	177,523	176,220
Other investments	15	77,682,927	63,690,854	65,671,891	47,323,434
Cash and bank balances	16	40,505,722	50,375,616	34,944,284	43,850,279
		200,356,312	216,710,328	134,566,244	92,222,492
TOTAL ASSETS		366,163,605	311,794,291	283,605,341	280,617,342
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	259,224,659	259,224,659	259,224,659	259,224,659
Retained earnings		37,848,816	33,896,998	20,772,782	18,376,771
Other reserves		2,257,088	2,257,088	2,257,088	2,257,088
		299,330,563	295,378,745	282,254,529	279,858,518
Non-controlling interests	11(c)	500,930	496,745	-	-
TOTAL EQUITY		299,831,493	295,875,490	282,254,529	279,858,518

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2023 (continued)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
LIABILITIES					
Non-current liabilities					
Borrowing	18	42,000,000	-	-	-
Lease liabilities	8	984,565	809,544	633,506	242,641
Deferred tax liabilities	19	4,993,737	4,638,892	-	-
		47,978,302	5,448,436	633,506	242,641
Current liabilities					
Trade and other payables	20	8,563,626	9,921,919	142,966	194,069
Lease liabilities	8	790,184	548,446	574,340	322,114
Contract liabilities	14	9,000,000	-	-	-
		18,353,810	10,470,365	717,306	516,183
TOTAL LIABILITIES		66,332,112	15,918,801	1,350,812	758,824
TOTAL EQUITY AND LIABILITIES		366,163,605	311,794,291	283,605,341	280,617,342

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
Revenue	23	47,628,019	54,831,030	8,819,372	2,320,660
Cost of sales	24	(36,764,566)	(41,175,041)	-	-
Gross profit		10,863,453	13,655,989	8,819,372	2,320,660
Other income		7,296,302	1,751,459	1,499,329	533,671
Distribution costs		(2,939,229)	(4,745,307)	-	-
Administration expenses		(10,062,009)	(8,390,578)	(7,814,312)	(4,656,729)
Other expenses		-	-	-	-
Finance costs	25	(147,522)	(313,635)	(74,681)	(40,353)
Profit/(Loss) before tax	26	5,010,995	1,957,928	2,429,708	(1,842,751)
Taxation	27	(1,054,992)	(797,560)	(33,697)	-
Profit/(Loss) for the financial year		3,956,003	1,160,368	2,396,011	(1,842,751)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income/ (loss) for the financial year		3,956,003	1,160,368	2,396,011	(1,842,751)
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		3,951,818	1,175,836	2,396,011	(1,842,751)
Non-controlling interests	11(c)	4,185	(15,468)	-	-
		3,956,003	1,160,368	2,396,011	(1,842,751)
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		3,951,818	1,175,836	2,396,011	(1,842,751)
Non-controlling interests	11(c)	4,185	(15,468)	-	-
		3,956,003	1,160,368	2,396,011	(1,842,751)
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic	28	0.53	0.25		
- Diluted	28	0.53	0.25		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		<--- Non-distributable --->		Distributable	Total attributable		
	Note	Share capital RM	Capital reserve RM	Retained earnings RM	to owners of the parent RM	Non-controlling interests RM	Total equity RM
Group							
Balance as at 1 April 2021		203,227,909	2,257,088	32,721,162	238,206,159	512,213	238,718,372
Profit/(Loss) for the financial year		-	-	1,175,836	1,175,836	(15,468)	1,160,368
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income/(loss)		-	-	1,175,836	1,175,836	(15,468)	1,160,368
Transaction with owners							
Issuance of ordinary shares pursuant to renounceable rights issue	17	55,996,750	-	-	55,996,750	-	55,996,750
Balance as at 31 March 2022/ 1 April 2022		259,224,659	2,257,088	33,896,998	295,378,745	496,745	295,875,490
Profit for the financial year		-	-	3,951,818	3,951,818	4,185	3,956,003
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	3,951,818	3,951,818	4,185	3,956,003
Balance as at 31 March 2023		259,224,659	2,257,088	37,848,816	299,330,563	500,930	299,831,493

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	<---- Non-distributable----> Share capital RM	Capital reserve RM	Distributable Retained earnings RM	Total equity RM
Company					
Balance as at 1 April 2021		203,227,909	2,257,088	20,219,522	225,704,519
Loss for the financial year		-	-	(1,842,751)	(1,842,751)
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive loss		-	-	(1,842,751)	(1,842,751)
Transaction with owners					
Issuance of ordinary shares pursuant to renounceable rights issue	17	55,996,750	-	-	55,996,750
Balance as at 31 March 2022/ 1 April 2022		259,224,659	2,257,088	18,376,771	279,858,518
Profit for the financial year		-	-	2,396,011	2,396,011
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	2,396,011	2,396,011
Balance as at 31 March 2023		259,224,659	2,257,088	20,772,782	282,254,529

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		5,010,995	1,957,928	2,429,708	(1,842,751)
Adjustments for:					
Amortisation of intangible assets	10	46,874	46,874	44,000	44,000
Bad debt written off		-	381	-	381
Depreciation of:					
- plant and equipment	7	72,793	64,619	47,014	39,634
- right-of-use assets	8	870,310	618,079	633,682	365,465
Fair value gain on other investments		(1,512,953)	(289,571)	(1,432,110)	(243,274)
Gain on disposals of other investments		(551,757)	(293,201)	(27,885)	(290,397)
Gain on termination of lease		(39,334)	-	(39,334)	-
Fair value adjustment of investment properties	9	(3,459,949)	-	-	-
Interest expense	25	147,522	313,635	74,681	40,353
Interest income		(772,644)	(62,254)	(645,899)	(30,233)
Operating (loss)/profit before changes in working capital		(138,143)	2,356,490	1,083,857	(1,916,822)
Changes in working capital:					
Contract assets		(530,414)	5,657,006	-	-
Contract liabilities		9,000,000	-	-	-
Inventories		(29,942,921)	27,984,438	-	-
Trade and other receivables		(8,959,521)	853,438	(8,197,763)	(1,683,802)
Trade and other payables		(1,589,668)	(1,601,811)	(54,913)	76,281
Cash (used in)/from operations		(32,160,667)	35,249,561	(7,168,819)	(3,524,343)
Tax paid		(1,014,153)	(1,046,039)	(35,000)	(46,040)
Tax refunded		391,583	279,790	-	279,790
Net cash (used in)/from operating activities		(32,783,237)	34,483,312	(7,203,819)	(3,290,593)

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM (Restated)
CASH FLOWS FROM INVESTING ACTIVITIES					
Subscription of shares in subsidiaries		-	-	(200)	-
Interest received		722,644	62,254	645,899	30,233
Addition of:					
- investment properties	9	(6,844,563)	(2,876,575)	-	-
- plant and equipment	7	(129,111)	(39,253)	(126,411)	(14,980)
- deposits pledged with licensed banks		(4,677)	(97,251)	-	-
Net purchase of other investments		(11,927,363)	(24,451,440)	(16,888,462)	(15,279,688)
Advances to subsidiaries		-	-	(33,579,445)	(10,356,364)
Repayments from subsidiaries		-	-	48,863,108	16,774,251
Repayments from/(Advances to) related parties		11,384	(2,554)	3,810	2,729
Net cash used in investing activities		(18,171,686)	(27,404,819)	(1,081,701)	(8,843,819)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(36,493)	(226,566)	-	-
Proceeds from issuance of ordinary shares		-	55,996,750	-	55,996,750
Net drawdown/(repayments) of:					
- term loan		42,000,000	(14,720,548)	-	-
- lease liabilities		(883,155)	(624,797)	(620,475)	(344,627)
Net cash from/(used in) financing activities		41,080,352	40,424,839	(620,475)	55,652,123
Net (decrease)/increase in cash and cash equivalents		(9,874,571)	47,503,332	(8,905,995)	43,517,711
Cash and cash equivalents at beginning of financial year		50,149,938	2,646,606	43,850,279	332,568
Cash and cash equivalents at end of financial year	16(d)	40,275,367	50,149,938	34,944,284	43,850,279

* Certain comparatives have been reclassified to conform with current year’s presentation.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 8)		Term loan (Note 18)
	Group RM	Company RM	Group RM
At 1 April 2022	1,357,990	564,755	-
Cash flows:			
- Drawdown	-	-	42,000,000
- Payment of lease liabilities	(883,155)	(620,475)	-
Non-cash flows:			
- Addition of lease liabilities	1,666,240	1,666,240	-
- Unwinding of interest	111,029	74,681	-
- Termination of lease	(477,355)	(477,355)	-
At 31 March 2023	1,774,749	1,207,846	42,000,000
At 1 April 2021	1,793,190	869,029	14,720,548
Cash flows:			
- Principal repayment	-	-	(14,720,548)
- Payment of lease liabilities	(624,797)	(344,627)	-
Non-cash flows:			
- Additions of lease liabilities	102,528	-	-
- Unwinding of interest	87,069	40,353	-
At 31 March 2022	1,357,990	564,755	-

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2023

1. CORPORATE INFORMATION

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

The registered office and principal place of business of the Company are located at Level 10-02, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim.

The ultimate holding company of the Company is Paragon Adventure Sdn. Bhd., which is incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 March 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 July 2023.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company as set out on pages 144 to 205 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgement, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Change of accounting policies

The Group re-assessed its accounting for investment properties with respect to measurement of freehold land and buildings after initial recognition. The Group had previously measured all land and buildings using the cost model whereby after initial recognition, the land and buildings were carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.1 Basis of accounting *(continued)*

Change of accounting policies *(continued)*

On 1 April 2022, the Group elected to change the accounting policy for its land and buildings classified under investment properties from a cost model to a fair value model, as the Group believes that measuring its land and buildings at fair value provides more relevant information to the users of its financial statements.

The application approaches are summarised as follows:

(a) The measurement of investment properties was assessed using the retrospective approach. The relevant comparative information was not restated due to no significant change in its fair value since acquired by the Group in financial year ended 2021.

4.2 Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

(a) The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
(b) Substantive potential voting rights held by the company and by other parties;
(c) Other contractual arrangements; and
(d) Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacements by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.3 Business combinations *(continued)*

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

(i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9; and

(ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value. All other components of non-controlling interests shall be measured at their acquisition-date fair value, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, 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.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Plant and equipment and depreciation

All items of plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

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

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.4 Plant and equipment and depreciation *(continued)*

Depreciation is calculated to write off the costs of the assets to their estimated residual values on a straight-line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Furniture and fittings	10%
Office equipment	10%
Computers	20%

At the end of each reporting period, the carrying amount of an item of plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.11 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.5 Leases *(continued)*

The Group as lessee *(continued)*

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Rented building and offices	2 to 5 years
Motor vehicles	20%

Lease liability

The lease liability is initially measured at the present value of the contractual lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group as lessor

Leases in which the Group do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

4.6 Inventories

(a) Completed properties held for sale

The completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion.

(b) Land held for property development

Land held for property development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.6 Inventories *(continued)*

(b) Land held for property development *(continued)*

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 as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(c) Property development costs

Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. Such development costs comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Property development costs not recognised as an expense are recognised as an asset and are measured at the lower of cost and net realisable value. The asset is subsequently credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the customer.

4.7 Contract assets/(liabilities)

Contract assets are the rights to considerations for goods or services transferred to the customers. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue recognised over the billings to date. Contract asset is stated at cost less accumulated impairment.

Contract liabilities are the obligations to transfer goods or services to customer for which the Group has received the consideration in advance or has billed the customers. In the case of property development and construction contracts, contract liabilities are the excess of the billings to date over the cumulative revenue recognised.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

4.8 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at fair value.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

The fair value of investment properties reflect among other things, rental income from current leases and other assumption that market participants would use when pricing investment properties under current market conditions.

Fair values of investment properties are based on valuations by registered independent valuers with appropriate recognised professional qualification and have recent experience in the location and category of the investment properties being valued.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.8 Investment properties *(continued)*

A gain or loss arising from a change in the fair value of investment properties is recognised in profit or loss for the period in which it arises.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss in the period of the retirement or disposal.

4.9 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

4.10 Intangible assets

<u>Other intangible assets</u>

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the administration expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.10 Intangible assets *(continued)*

Software

Acquired software with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of software over its estimated useful lives of five (5) years.

4.11 Impairment of non-financial assets

The carrying amounts of assets, except for financial assets (excluding investments in subsidiaries), inventories and contract assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to reduce the carrying amount of the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately, if any.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4.12 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 Financial instruments *(continued)*

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (FVTOCI), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 Financial instruments *(continued)*

(a) Financial assets *(continued)*

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities measured at amortised cost, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.12 Financial instruments *(continued)*

(c) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

4.13 Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantee are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected loss model under MFRS 9 and the amount initially recognised less amortisation.

4.14 Impairment of financial assets

The Group and the Company recognise loss allowances for expected credit losses (“ECL”) on financial assets measured at amortised cost and contract assets.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions of the Group’s industry to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.14 Impairment of financial assets *(continued)*

Impairment for other receivables, equity loans and amounts owing by subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables, equity loans and amounts owing by subsidiaries is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables, equity loans and amounts owing by subsidiaries.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.16 Income taxes

Income taxes include all taxes on taxable profit. Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax relates to items that are credited or charged, in the same or different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.17 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(a) Revenue from property development and construction contracts

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development and construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract using the input method by reference to the property development cost and construction contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Judgement is required in determining the satisfaction of performance obligations as stated in the contracts with customers and transaction price allocation in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

There is no significant financing component in the revenue arising from property development and construction contracts as the contracts are on normal credit terms not exceeding twelve months.

(b) Completed properties (including land)

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the purchasers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.17 Revenue recognition *(continued)*

Revenue recognition not in relation to performance obligations is described below:

(a) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(b) Distribution income of other investments

Distribution income is recognised when the right to receive payment is established.

(c) Management fee

Management fee from rendering of services is recognised when the services are rendered.

4.18 Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of assets which require a substantial period of time to get them ready for their intended use are capitalised and included as part of the related assets. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The Group capitalise borrowing costs for all qualifying assets.

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

4.19 Operating segments

Operating segments are defined as components of the Group that:

(a) engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) for which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) the combined reported profit of all operating segments that did not report a loss; and

(ii) the combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

4.20 Earnings per share

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

4.21 Fair value measurement

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement method adopted assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year.

Title	Effective Date
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 *Business Combinations*)	1 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 *Property, Plant and Equipment*)	1 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company.

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17 *Insurance Contracts*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 *Income Taxes*)	1 January 2023
International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*)	Refer paragraph 98M of MFRS 112
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 *Leases*)	1 January 2024
Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures*)	1 January 2024
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investments in Associates and Joint Ventures*)	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable in future financial years.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the management of the Group and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future as disclosed in respective notes to the financial statements. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact to the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is outlined below:

Fair value of investment properties

Fair value of investment properties requires management to exercise significant judgement in assessing the fair value.

7. PLANT AND EQUIPMENT

Group	Furniture and fittings RM	Office Equipment RM	Computers RM	Total RM
2023				
At cost				
At 1 April 2022	127,638	34,399	247,554	409,591
Additions	2,780	15,270	111,061	129,111
At 31 March 2023	130,418	49,669	358,615	538,702
Accumulated depreciation				
At 1 April 2022	30,069	13,092	155,747	198,908
Charge for the financial year	12,926	4,969	54,898	72,793
At 31 March 2023	42,995	18,061	210,645	271,701
Net carrying amount				
At 31 March 2023	87,423	31,608	147,970	267,001
2022				
At cost				
At 1 April 2021	119,468	29,991	220,879	370,338
Additions	8,170	4,408	26,675	39,253
At 31 March 2022	127,638	34,399	247,554	409,591
Accumulated depreciation				
At 1 April 2021	18,054	9,252	106,983	134,289
Charge for the financial year	12,015	3,840	48,764	64,619
At 31 March 2022	30,069	13,092	155,747	198,908
Net carrying amount				
At 31 March 2022	97,569	21,307	91,807	210,683

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

7. PLANT AND EQUIPMENT *(continued)*

Company	Furniture and fittings RM	Office Equipment RM	Computers RM	Total RM
2023				
At cost				
At 1 April 2022	16,168	16,784	184,774	217,726
Additions	2,780	12,570	111,061	126,411
At 31 March 2023	18,948	29,354	295,835	344,137
Accumulated depreciation				
At 1 April 2022	2,667	8,567	134,938	146,172
Charge for the financial year	1,779	2,893	42,342	47,014
At 31 March 2023	4,446	11,460	177,280	193,186
Net carrying amount				
At 31 March 2023	14,502	17,894	118,555	150,951
2022				
At cost				
At 1 April 2021	7,998	16,784	177,964	202,746
Additions	8,170	-	6,810	14,980
At 31 March 2022	16,168	16,784	184,774	217,726
Accumulated depreciation				
At 1 April 2021	1,799	6,415	98,324	106,538
Charge for the financial year	868	2,152	36,614	39,634
At 31 March 2022	2,667	8,567	134,938	146,172
Net carrying amount				
At 31 March 2022	13,501	8,217	49,836	71,554

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(I) Right-of-use assets

Group	Rented building and offices RM	Motor vehicles RM	Total RM
2023			
At cost			
At 1 April 2022	2,062,334	708,011	2,770,345
Additions	1,666,240	-	1,666,240
Termination	(1,227,736)	-	(1,227,736)
At 31 March 2023	2,500,838	708,011	3,208,849
Accumulated depreciation			
At 1 April 2022	947,790	461,966	1,409,756
Charge for the financial year	728,707	141,603	870,310
Termination	(789,715)	-	(789,715)
At 31 March 2023	886,782	603,569	1,490,351
Net carrying amount			
At 31 March 2023	1,614,056	104,442	1,718,498
2022			
At cost			
At 1 April 2021	2,096,229	708,011	2,804,240
Additions	102,528	-	102,528
Terms expired	(136,423)	-	(136,423)
At 31 March 2022	2,062,334	708,011	2,770,345
Accumulated depreciation			
At 1 April 2021	607,736	320,364	928,100
Charge for the financial year	476,477	141,602	618,079
Terms expired	(136,423)	-	(136,423)
At 31 March 2022	947,790	461,966	1,409,756
Net carrying amount			
At 31 March 2022	1,114,544	246,045	1,360,589

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

(I) Right-of-use assets *(continued)*

Company	Rented office RM	Motor vehicle RM	Total RM
2023			
At cost			
At 1 April 2022	1,227,736	513,263	1,740,999
Additions	1,666,240	-	1,666,240
Termination	(1,227,736)	-	(1,227,736)
31 March 2023	1,666,240	513,263	2,179,503
Accumulated depreciation			
At 1 April 2022	767,814	367,839	1,135,653
Charge for the financial year	531,029	102,653	633,682
Termination	(789,715)	-	(789,715)
At 31 March 2023	509,128	470,492	979,620
Net carrying amount			
At 31 March 2023	1,157,112	42,771	1,199,883
2022			
At cost			
At 1 April 2021/31 March 2022	1,227,736	513,263	1,740,999
Accumulated depreciation			
At 1 April 2021	505,002	265,186	770,188
Charge for the financial year	262,812	102,653	365,465
At 31 March 2022	767,814	367,839	1,135,653
Net carrying amount			
At 31 March 2022	459,922	145,424	605,346

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

(II) Lease liabilities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of financial year	1,357,990	1,793,190	564,755	869,029
Additions	1,666,240	102,528	1,666,240	-
Lease payments	(883,155)	(624,797)	(620,475)	(344,627)
Termination	(477,355)	-	(477,355)	-
Interest expense	111,029	87,069	74,681	40,353
At end of financial year	1,774,749	1,357,990	1,207,846	564,755
Represented by:				
Current liabilities	790,184	548,446	574,340	322,114
Non-current liabilities	984,565	809,544	633,506	242,641
	1,774,749	1,357,990	1,207,846	564,755
Lease liabilities owing to financial institutions	106,655	185,884	22,009	64,744
Lease liabilities owing to non-financial institutions	1,668,094	1,172,106	1,185,837	500,011
	1,774,749	1,357,990	1,207,846	564,755

(a) The Group has certain low-value leases of RM5,000 and below. The Group applies the "lease of low-value assets" exemptions for these leases.

(b) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in administration expenses:				
- Depreciation charge of right-of-use assets	870,310	618,079	633,682	365,465
- Expense relating to leases of low-value assets	9,800	12,360	7,560	7,560
Interest expense on lease liabilities (included in finance costs)	111,029	87,069	74,681	40,353
Gain on termination of lease (included in other income)	(39,334)	-	(39,334)	-

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(continued)*

(c) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Included in net cash from operating activities:				
Payment relating to low value assets leases	9,800	12,360	7,560	7,560
Included in net cash from financing activities:				
Payment of lease liabilities	883,155	624,797	620,475	344,627
Total cash outflow for leases	892,955	637,157	628,035	352,187

(d) The Group and the Company have several buildings lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group and Company's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no undiscounted potential future rental payments that are not included in the lease term.

(e) Weighted average incremental borrowing rates of the lease liabilities of the Group and of the Company as at the end of the reporting period is 5.70% and 5.88% (2022: 5.49% and 5.73%) per annum respectively.

9. INVESTMENT PROPERTIES

	Group	
	2023 RM	2022 RM
At fair value		
At beginning of financial year	66,149,572	63,272,997
Transfer from land held for property development (Note 12(a))	6,976,998	-
Transfer from property development costs (Note 12(b))	4,555,976	-
Fair value adjustment	3,459,949	-
Additions	6,844,563	2,876,575
At end of financial year	87,987,058	66,149,572

Included in the above are:

	Group	
	2023 RM	2022 RM
At fair value- freehold land	50,600,000	35,000,000
At cost – freehold land with building under construction	37,387,058	31,149,572
	87,987,058	66,149,572

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

9. INVESTMENT PROPERTIES *(continued)*

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

	Group	
	2023 RM	2022 RM
Less than one year	-	-
One to two years	-	-
Two to three years	5,056,000	-
Three to four years	6,266,000	4,840,000
Four to five years	7,476,000	6,050,000
More than five years	187,332,000	188,760,000
Total undiscounted lease payments	206,130,000	199,650,000

(b) Direct operating expenses arising from investment properties during the financial year are as follows:

	Group	
	2023 RM	2022 RM
Quit rent and assessment		
- not generating rental income	47,526	352

(c) The fair value of the investment properties of the Group are categorised as follows:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2023				
Freehold land	-	-	50,600,000	50,600,000
2022				
Freehold land	-	-	35,000,000	35,000,000

(i) Freehold land of the Group were revalued on 31 March 2023 by the Directors based on a valuation exercise carried out by independent firms of registered professional valuers.

(ii) The Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

9. INVESTMENT PROPERTIES *(continued)*

(c) The fair value of the investment properties of the Group are categorised as follows: *(continued)*

(iii) The fair value measurements of the properties (at valuation) are based on the highest and best use which does not differ from their actual use.

(iv) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 31 March 2023.

(v) The significant unobservable inputs used in determining the Level 3 fair value measurements by external valuers using comparison approach valuation techniques, comparing the subject properties with similar properties in and around the locality which were recently sold and asking selling prices with adjustments made for location, accessibility, size and shape of land, terrain, tenure, title restriction, planning provisions if any, and other relevant characteristics.

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
Freehold land	Comparison Method	Price per square foot	RM42 to RM110 (2022: RM41 to RM75)	Lower price per square foot, lower fair value.

(vi) Certain investment property of the Group amounting to RM37,639,772 (2022: RM31,149,572) has been pledged to financial institution as security for unutilised credit facilities granted to a subsidiary of the Company.

(d) The Group has entered into a conditional tenancy agreement with a third party for investment property under construction, and collected advance tenancy deposit as disclosed in Note 20(d) to the financial statements.

10. INTANGIBLE ASSETS

Computer software	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
At cost				
At beginning/end of financial year	234,371	234,371	220,000	220,000
Accumulated amortisation				
At beginning of financial year	146,114	99,240	143,000	99,000
Charge for the financial year	46,874	46,874	44,000	44,000
At end of financial year	192,988	146,114	187,000	143,000
Net carrying amount	41,383	88,257	33,000	77,000

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

11. INVESTMENT IN SUBSIDIARIES

	Note	Company 2023 RM	Company 2022 RM
At cost			
Unquoted equity shares			
At beginning of financial year		56,150,202	56,150,202
Acquisition of subsidiary	11(d)	100	-
Additional subscription in existing subsidiary	11(e)	100	-
At end of financial year		56,150,402	56,150,202
Accumulated impairment loss			
At beginning/end of financial year		(102)	(102)
Unquoted equity shares, at cost		56,150,300	56,150,100
Equity loans	11(f)	91,504,963	131,490,850
		147,655,263	187,640,950

(a) The details of the subsidiaries, which the country of incorporation and the principal place of business are all in Malaysia, are as follows:

Name of companies	Effective interest in equity 2023 %	Effective interest in equity 2022 %	Principal activities
Paragon Bizhub Sdn. Bhd. ("PBSB")#	100	100	Properties development
PGBG Construction Sdn. Bhd. ("PGBG")#	100	100	Properties development and building contractors
Paragon Globe Properties Sdn. Bhd. ("PGPSB")#	100	100	Properties development
Builtech Acres Sdn. Bhd. ("BASB")#	99.06	99.06	Properties investment
Paragon Business Hub Sdn. Bhd. ("PBHSB")#	100	100	Properties development
Paragon Platinum Sdn. Bhd. ("PPSB")#	100	100	Properties development and properties investment
Paragon Workers Hostel Sdn. Bhd. ("PWHSB")#	100	-	Dormant
(i) Subsidiary of BASB			
Sepang Medicity Sdn. Bhd. ("SMSB")#	99.06	99.06	Medical centre and services (yet to commence operations)

Subsidiaries audited by BDO PLT.

(b) Costs of investment in PBHSB and PPSB amounted to RM102 had been fully impaired in previous financial years.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

11. INVESTMENT IN SUBSIDIARIES *(continued)*

(c) Subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	NCI percentage of ownership interest and voting interest		Group	
	2023 %	2022 %	2023 RM	2022 RM
Carrying amount of NCI				
BASB Group	0.94	0.94	500,930	496,745
Profit/(Loss) for the financial year/Total comprehensive income/(loss) allocated to NCI				
BASB Group			4,185	(15,468)

Summarised financial information before intra-group elimination of subsidiaries that have NCI as at the end of each reporting period are as follows:

BASB Group	2023 RM	2022 RM
Assets and liabilities		
Non-current assets	74,093,828	66,754,836
Non-current liabilities	(5,489,071)	(5,535,714)
Current assets	828,093	806,185
Current liabilities	(16,142,320)	(9,180,084)
Net assets	53,290,530	52,845,223
Results		
Profit/(Loss) for the financial year/Total comprehensive income/(loss) for the financial year	445,207	(1,645,494)
Cash flows from/(used in) operating activities	1,991,589	(1,293,162)
Cash flows used in investing activities	(6,514,700)	(3,006,265)
Cash flows from financing activities	4,514,675	4,754,386
Net (decrease)/increase in cash and cash equivalents	(8,436)	454,959

(d) During the financial year, the Company subscribed for entire ordinary shares capital in PWHSB for a total consideration of RM100 for 100 ordinary shares. Upon incorporation, PWHSB became a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

11. INVESTMENT IN SUBSIDIARIES *(continued)*

(e) During the financial year, the Company had subscribed an additional 100 ordinary shares in a wholly owned subsidiary, PGPSB for a total consideration of RM100. Consequently, there was no change in the effective equity held by the Company in PGPSB.

(f) The Directors of the Company has assessed the nature of the amounts owing by subsidiaries and determined that an outstanding balance amounting to RM91,504,963 (2022: RM131,490,850) shall constitute equity loans to subsidiaries as these are unsecured, interest free and settlement are neither planned nor likely occur in the foreseeable future and considered to be part of the investment of the Company providing the subsidiaries with a long term source of additional capital. No expected credit loss is recognised as it is negligible.

Movement in equity loans to subsidiaries as follows:

	Company	
	2023 RM	2022 RM
At beginning of financial year	131,490,850	136,913,955
Additions	-	4,900,010
Repayments	(39,985,887)	(10,323,115)
At end of financial year	91,504,963	131,490,850

12. INVENTORIES

		Group	
	Note	2023 RM	2022 RM
At cost			
Non-current			
Land held for property development	(a)	75,793,353	27,274,862
Current			
Completed properties		29,526,361	53,928,432
Property development costs	(b)	31,370,816	14,460,699
Land held for sales	(c)	-	10,196,920
		60,897,177	78,586,051

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

12. INVENTORIES *(continued)*

(a) Land held for property development

Group	Freehold land RM	Development costs RM	Total RM
Balance as at 1 April 2022	26,554,000	720,862	27,274,862
Cost incurred during the financial year	74,186,598	1,664,547	75,851,145
Transfer to property development costs (Note 12(b))	(19,851,000)	(504,656)	(20,355,656)
Transfer to investment properties (Note 9)	(6,703,000)	(273,998)	(6,976,998)
Balance as at 31 March 2023	74,186,598	1,606,755	75,793,353
Balance as at 1 April 2021	36,400,000	236,637	36,636,637
Cost incurred during the financial year	-	835,145	835,145
Transfer to land held for sales (Note 12(c))	(9,846,000)	(350,920)	(10,196,920)
Balance as at 31 March 2022	26,554,000	720,862	27,274,862

Certain land held for property development of the Group has been pledged to financial institutions amounted to RM64,523,547 (2022: RM27,274,862) as security for credit facilities granted to a subsidiary of the Company as disclosed in Note 18 to the financial statements.

Included in the development costs of the Group is the interest capitalised for project not ready for its intended sale during the financial year amounting to RM987,104 (2022: Nil).

(b) Property development costs

Group	Freehold land RM	Development costs RM	Total RM
Balance as at 1 April 2022	13,044,867	1,415,832	14,460,699
Cost incurred during the financial year	-	1,110,437	1,110,437
Transfer from land held for property development (Note 12(a))	19,851,000	504,656	20,355,656
Transfer to investment properties (Note 9)	(4,135,239)	(420,737)	(4,555,976)
Balance as at 31 March 2023	28,760,628	2,610,188	31,370,816
Balance as at 1 April 2021	28,018,191	14,786,604	42,804,795
Cost incurred during the financial year	-	10,469,899	10,469,899
Recognised during the year	(4,274,703)	(6,802,498)	(11,077,201)
Transfer to completed properties held for sale	(10,698,621)	(17,038,173)	(27,736,794)
Balance as at 31 March 2022	13,044,867	1,415,832	14,460,699

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

12. INVENTORIES *(continued)*

(c) Land held for sales

Group	Freehold land RM	Development costs RM	Total RM
Balance as at 1 April 2022	9,846,000	350,920	10,196,920
Disposal	(9,846,000)	(350,920)	(10,196,920)
Balance as at 31 March 2023	-	-	-
Balance as at 1 April 2021	-	-	-
Transfer from land held for property development (Note 12(a))	9,846,000	350,920	10,196,920
Balance as at 31 March 2022	9,846,000	350,920	10,196,920

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Third parties	4,517,900	9,175,643	-	-
Amounts owing by a related party	624,108	-	-	-
	5,142,008	9,175,643	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	33,624,837	837,602
Amounts owing by related parties	-	7,235	-	-
Other receivables	69,970	159,868	948	948
Deposits	14,033,263	13,308,093	174,031	98,800
	14,103,233	13,475,196	33,799,816	937,350
Less: Allowance for impairment losses				
- Other receivables	(39,000)	(39,000)	-	-
- Deposits	(19,300)	(19,300)	(19,300)	(19,300)
- Amounts owing by subsidiaries	-	-	(92,384)	(92,384)
	(58,300)	(58,300)	(111,684)	(111,684)
Total trade and other receivables	19,186,941	22,592,539	33,688,132	825,666
Prepayments	292,866	127,426	84,414	46,893
	19,479,807	22,719,965	33,772,546	872,559

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

13. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Trade receivables are non-interest bearing and the normal credit terms of the trade receivables granted by the Group range from 14 to 90 days (2022: 14 to 90 days). They are recognised at their original invoiced amounts, which represent their fair value on initial recognition.

(b) Amounts owing by subsidiaries and related parties are unsecured, interest-free and receivable within the next twelve (12) months.

(c) Trade and other receivables are denominated in Ringgit Malaysia ('RM').

(d) Included in deposits of the Group are amounts of RM11,909,742 (2022: RM12,894,033) paid in respect of freehold land acquisitions with details disclosed in Note 35 to the financial statements.

(e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses. Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. Nevertheless, the Group and the Company believes that these factors are immaterial for the purpose of impairment calculation for the year.

It requires management to exercise judgement in determining the probability of default by trade receivables and appropriate forward looking information.

(f) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

Group	Gross carrying amount RM	Lifetime ECL allowance RM	Net carrying amount RM
As at 31 March 2023			
Not past due	2,534,108	-	2,534,108
Past due	2,607,900	-	2,607,900
	5,142,008	-	5,142,008
As at 31 March 2022			
Not past due	8,532,240	-	8,532,240
Past due	643,403	-	643,403
	9,175,643	-	9,175,643

As at the end of each reporting period, no collateral has been obtained by the Group and Company. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivable of the Group and of the Company.

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivable.

(g) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment from its other receivables.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

13. TRADE AND OTHER RECEIVABLES *(continued)*

(h) The reconciliation of movements in the impairment loss for other receivables is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables (credit impaired)				
At beginning/end of financial year	58,300	58,300	111,684	111,684

Other receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties or recoverability is remote. These receivables are not secured by any collateral or credit enhancements.

(i) Information on financial risks of trade and other receivables is disclosed in Note 34 to the financial statements.

14. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2023 RM	2022 RM
Contract assets		
Construction contracts (Note a)	530,414	-
Contract liabilities		
Property development contracts (Note b)	(9,000,000)	-

(a) Contract assets from construction contracts

	Group	
	2023 RM	2022 RM
At beginning of financial year	-	3,500,000
Revenue recognised during the year	1,154,522	-
Progress billings	(624,108)	(3,500,000)
At end of financial year	530,414	-

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group	
	2023 RM	2022 RM
Within 1 year	1,753,028	-

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

14. CONTRACT ASSETS/(LIABILITIES) *(continued)*

(b) Contract liabilities from property development contracts

	Group	
	2023 RM	2022 RM
At beginning of financial year	-	2,157,006
Revenue recognised during the year	-	14,730,442
Progress billings	(9,000,000)	(16,887,448)
At end of financial year	(9,000,000)	-

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group	
	2023 RM	2022 RM
Within 1 year	45,000,000	-

(c) No expected credit loss is recognised arising from contract assets as it is negligible.

15. OTHER INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fair value through profit or loss				
Money market funds	77,682,927	63,690,854	65,671,891	47,323,434

(a) Other investments are denominated in Ringgit Malaysia ('RM').

(b) Information on the fair value hierarchy is disclosed in Note 33(d) to the financial statements.

(c) Information on financial risks of other investments is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

16. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	40,275,367	50,149,938	34,944,284	43,850,279
Deposits with licensed banks	230,355	225,678	-	-
	40,505,722	50,375,616	34,944,284	43,850,279

(a) Deposits with licensed banks of the Group have maturity period of one (1) month (2022: one (1) month).

(b) As at the end of the reporting period, the deposits placed with licensed banks of the Group amounting to RM230,355 (2022: RM225,678) has been charged to financial institution as security for credit facilities granted to certain subsidiaries of the Company as disclosed in Note 22 to the financial statements.

(c) Cash and bank balances are denominated in Ringgit Malaysia (‘RM’).

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	40,275,367	50,149,938	34,944,284	43,850,279
Deposits with licensed banks	230,355	225,678	-	-
	40,505,722	50,375,616	34,944,284	43,850,279
Less: Deposits pledged to licensed banks	(230,355)	(225,678)	-	-
	40,275,367	50,149,938	34,944,284	43,850,279

(e) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions is negligible.

(f) Information on financial risks of cash and bank balances is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

17. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares				
At beginning of financial year	746,623,332	259,224,659	186,655,833	203,227,909
Issuance of ordinary shares	-	-	559,967,499	55,996,750
At end of financial year	746,623,332	259,224,659	746,623,332	259,224,659

(a) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 186,655,833 ordinary shares to 746,623,332 ordinary shares by way of issuance of 559,967,499 new ordinary shares pursuant to renounceable rights issue on the basis of three (3) new ordinary shares for every one (1) existing ordinary share held at an issue price of RM0.10 each for a total cash consideration of RM55,996,750.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. BORROWING

	Group	
	2023 RM	2022 RM
Non-current liability		
Term loan		
- later than one (1) year	42,000,000	-

(a) Borrowing is denominated in Ringgit Malaysia ("RM").

(b) Term loan of the Group is secured by:

(i) Legal charges over certain inventory of the Group (Note 12); and

(ii) Corporate guarantee by the Company.

(c) Information on financial risks of borrowing and its remaining maturity is disclosed in Note 34 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

19. DEFERRED TAX LIABILITIES

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2023 RM	2022 RM
At beginning of financial year	4,638,892	4,841,332
Recognised in profit or loss (Note 27)	354,845	(202,440)
At end of financial year (presented after appropriate offsetting)	4,993,737	4,638,892

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	Plant and equipment and investment properties RM	Other temporary differences RM	Total RM
At 1 April 2022	5,084,530	(445,638)	4,638,892
Recognised in profit or loss	100,000	254,845	354,845
At 31 March 2023	5,184,530	(190,793)	4,993,737
At 1 April 2021	5,084,530	(243,198)	4,841,332
Recognised in profit or loss	-	(202,440)	(202,440)
At 31 March 2022	5,084,530	(445,638)	4,638,892

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses				
- Expires by 31 March 2030	-	1,033,000	-	1,033,000
- Expires by 31 March 2031	-	407,000	-	407,000
- Expires by 31 March 2032	936,000	1,153,000	936,000	1,153,000
- Expires by 31 March 2033	671,000	-	-	-
Unabsorbed capital allowances				
- No expiry date	137,000	73,000	132,000	73,000
	1,744,000	2,666,000	1,068,000	2,666,000

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the tax authority.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables				
Third parties	3,127,478	3,041,225	-	-
Other payables				
Other payables	163,971	242,315	93,334	85,868
Amount owing to related party	8,385	4,236	8,046	4,236
Accruals	2,641,368	2,949,885	41,586	103,965
Deposits	1,908,804	1,898,204	-	-
Earnest deposit from purchasers	713,620	1,786,054	-	-
	5,436,148	6,880,694	142,966	194,069
	8,563,626	9,921,919	142,966	194,069

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group is 30 days (2022: 30 days).

(b) Amount owing to related party is unsecured, interest-free and payable upon demand.

(c) Included in trade payables of the Group are retention sums of RM1,625,693 (2022: RM1,979,364).

(d) Included in deposits of the Group is an amount of RM1,500,000 (2022: RM1,500,000) advance conditional tenancy deposit received in relation to investment property under construction of Group as disclosed in Note 9 to the financial statements.

(e) Trade and other payables are denominated in Ringgit Malaysia ("RM").

(f) Information on financial risks of trade and other payables is disclosed in Note 34 to the financial statements.

21. COMMITMENTS

	Group	
	2023 RM	2022 RM
(i) Capital commitment		
Capital expenditure in respect of investment property under construction	90,284,625	95,764,000
(ii) Commitment		
Contracted but not provided for land acquisition (Note 35)	107,187,678	48,769,776

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

22. CONTINGENT LIABILITIES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Secured				
Bank guarantees given to third parties				
- Limit of guarantee	271,000	271,000	-	-
- Amount utilised	115,190	195,000	-	-
Corporate guarantees given to a licensed bank for banking facilities granted to subsidiaries				
- Limit of guarantee	-	-	112,000,000	61,190,000
- Amount utilised	-	-	42,000,000	-

Bank guarantees given to third parties are secured by deposits placed with licensed banks.

23. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers				
Recognised over time:				
Property development	-	14,730,442	-	-
Construction contracts	1,154,522	-	-	-
	1,154,522	14,730,442	-	-
Recognised at point in time:				
Sales of completed properties	32,120,752	39,492,000	-	-
Sales of land	13,579,482	-	-	-
	45,700,234	39,492,000	-	-
Others				
Distribution income from other investments	127,364	578,355	88,462	550,427
Interest income	645,899	30,233	645,899	30,233
Management fees	-	-	8,085,011	1,740,000
	773,263	608,588	8,819,372	2,320,660
	47,628,019	54,831,030	8,819,372	2,320,660

Disaggregation of revenue from contracts with customers has been presented in the operating segments as disclosed in Note 32 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

24. COST OF SALES

	Group	
	2023 RM	2022 RM
Construction contracts costs	1,080,686	-
Property development costs	-	11,077,201
Sales of completed properties	25,486,960	30,097,840
Sales of land	10,196,920	-
	36,764,566	41,175,041

25. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expenses on:				
- bank overdrafts	36,493	60,000	-	-
- lease interest expense	111,029	87,069	74,681	40,353
- term loans	987,104	166,566	-	-
	1,134,626	313,635	74,681	40,353
Less: Amount capitalised in cost of qualifying asset	(987,104)	-	-	-
	147,522	313,635	74,681	40,353

26. PROFIT/(LOSS) BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit/(loss) before tax is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration				
- Statutory audit	102,300	85,000	57,000	50,000
- Non-statutory audit	2,700	2,200	2,700	2,200
Bad debt written off	-	381	-	381
And crediting:				
Interest income (included in other income)	(76,745)	(32,021)	-	-

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

27. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense based on profit for the financial year:				
- current year	662,994	1,000,000	33,697	-
- under provision in prior year	37,153	-	-	-
	700,147	1,000,000	33,697	-
Deferred tax (Note 19)				
- relating to origination and reversal of temporary differences	354,845	(202,440)	-	-
	1,054,992	797,560	33,697	-

(a) The Malaysian income tax is calculated at the statutory rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.

(b) The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	5,010,995	1,957,928	2,429,708	(1,842,751)
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	1,202,639	469,903	583,130	(442,260)
Tax effects in respect of:				
Non-allowable expenses	688,825	589,781	193,973	278,585
Non-taxable income	(652,374)	(209,184)	(359,839)	(128,081)
(Utilisation of previously unrecognised deferred tax assets)/ Deferred tax assets not recognised	(221,251)	(52,940)	(383,567)	291,756
	1,017,839	797,560	33,697	-
Under provision of current tax in prior year	37,153	-	-	-
	1,054,992	797,560	33,697	-

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

28. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Profit attributable to equity holders of the parent ('RM')	3,951,818	1,175,836
Weighted average number of ordinary shares in issue	746,623,332	478,145,764
Basic earnings per ordinary share (sen)	0.53	0.25

(b) Diluted

Diluted earnings per ordinary share for the current and previous financial years is equal to the basic earnings per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

29. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, allowances and bonuses	5,230,212	4,253,744	4,954,256	2,597,199
Defined contribution plan	601,951	497,434	568,871	291,626
Other employee benefits	59,092	45,275	55,065	23,039
	5,891,255	4,796,453	5,578,192	2,911,864

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration of RM2,065,752 (2022: RM1,567,607).

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

30. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors of the Company:				
- Other emoluments	2,065,752	1,567,607	2,065,752	1,567,607
Estimated money value of benefits-in-kind	47,167	42,400	47,167	42,400
	2,112,919	1,610,007	2,112,919	1,610,007
Executive Directors of the subsidiaries:				
- Fees	66,000	66,000	-	-
Total Executive Directors' remuneration	2,178,919	1,676,007	2,112,919	1,610,007
Non-executive Directors of the Company:				
- Fees	258,000	240,000	258,000	240,000
- Other emoluments	13,500	11,500	13,500	11,500
	271,500	251,500	271,500	251,500
Total Directors' remuneration including benefits-in-kind	2,450,419	1,927,507	2,384,419	1,861,507

31. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has related party relationship with its direct and indirect subsidiaries and ultimate holding company. In addition, the Company also has related party relationships with the following parties whereby the Directors of the Company, Dato' Sri Edwin Tan Pei Seng and Dato' Sri Godwin Tan Pei Poh have interests:

(i) Profit Streams Sdn. Bhd.;

(ii) Castle Inn Realty Sdn. Bhd.;

(iii) Flagship Builders Sdn. Bhd.;

(iv) Chempaka Logistik Sdn. Bhd. and Dato' Jeffrey Lai Jiun Jye is a Director; and

(v) Hotel Grand Paragon Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

31. RELATED PARTY DISCLOSURES *(continued)*

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Transaction with subsidiaries				
- Management fee income	-	-	(8,085,011)	(1,740,000)
Transaction with related parties				
- Lease payments	575,847	310,500	575,847	300,000
- Progress billings	(624,108)	(3,500,000)	-	-
- Administration expenses	33,914	6,671	29,857	5,108
Transaction with Director				
- Lease payments	167,760	174,750	-	-

The related party transactions described above were carried out on mutually agreed and negotiated terms.

Material balances with related parties as at the end of the reporting year are disclosed in Notes 13 and 20 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and any other members of key management personnel of the Group and the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' remuneration including estimated money value of benefits-in-kind (Note 30)	2,450,419	1,927,507	2,384,419	1,861,507
Other key management personnel's remuneration	796,875	980,321	796,875	532,902
	3,247,294	2,907,828	3,181,294	2,394,409

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

32. OPERATING SEGMENTS

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

(i) Investments segment which is investment holding;

(ii) Property development segment which is in the business of trading and development of properties; and

(iii) Construction segment which is in the business of construction of buildings, roads and railways and other specialised construction activities.

Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain respect as explained in the table below, it is measured differently from operating profit in the consolidated financial statements.

Inter-segment revenue is carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets include tax assets and segment liabilities include tax liabilities. Even though loans and borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors.

All the assets and capital expenditure of the Group are located within Malaysia.

Major customers
The Group does not have significant reliance on a single major customer, with whom the Group transacted ten (10) percent or more of its revenue during the financial year and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

32. OPERATING SEGMENTS *(continued)*

	Investments RM	Property development RM	Construction RM	Elimination RM	Total RM
2023					
External customers	734,361	45,739,136	1,154,522	-	47,628,019
Inter-segment revenue	8,085,011	-	5,889,201	(13,974,212)	-
Total revenue	8,819,372	45,739,136	7,043,723	(13,974,212)	47,628,019
Interest income	68,604	8,141	-	-	76,745
Finance costs	(103,614)	(43,908)	-	-	(147,522)
Net finance expense	(35,010)	(35,767)	-	-	(70,777)
Other non-cash items:					
Amortisation of intangible assets	(44,000)	(2,874)	-	-	(46,874)
Depreciation of:					
- plant and equipment	(51,808)	(17,012)	(3,973)	-	(72,793)
- right-of-use assets	(780,096)	(90,214)	-	-	(870,310)
Fair value gain on:					
- other investments	1,432,110	80,843	-	-	1,512,953
- investment properties	1,000,000	2,459,949	-	-	3,459,949
Gain on disposals on other investments	27,885	523,872	-	-	551,757
Gain on termination of lease	39,334	-	-	-	39,334
Segment profit/(loss) before tax	2,149,184	3,018,275	(719,599)	563,135	5,010,995
Additions to non-current assets:					
- investment properties	6,490,200	607,077	-	(252,714)	6,844,563
- land held for property development	64,523,547	11,327,598	-	-	75,851,145
- plant and equipment	126,411	2,700	-	-	129,111
- right-of-use assets	1,666,240	-	-	-	1,666,240
- investment in subsidiaries	200	-	-	(200)	-
Segment assets	440,319,211	106,225,756	5,944,604	(186,325,966)	366,163,605
Segment liabilities	86,785,860	12,441,168	4,894,592	(37,789,508)	66,332,112

32. OPERATING SEGMENTS *(continued)*

	Investments RM	Property development RM	Construction RM	Elimination RM	Total RM
2022					
External customers	580,660	54,250,370	-	-	54,831,030
Inter-segment revenue	1,740,000	-	9,903,307	(11,643,307)	-
Total revenue	2,320,660	54,250,370	9,903,307	(11,643,307)	54,831,030
Interest income	121	31,900	-	-	32,021
Finance costs	(78,360)	(235,275)	-	-	(313,635)
Net finance expense	(78,239)	(203,375)	-	-	(281,614)
Other non-cash items:					
Amortisation of intangible assets	(44,000)	(2,874)	-	-	(46,874)
Depreciation of:					
- plant and equipment	(44,428)	(16,624)	(3,567)	-	(64,619)
- right-of-use assets	(517,980)	(100,099)	-	-	(618,079)
Fair value gain on other investments	243,274	46,297	-	-	289,571
Gain on disposals on other investments	290,397	2,804	-	-	293,201
Bad debt written off	381	-	-	-	381
Segment (loss)/profit before tax	(3,530,239)	4,980,976	884,089	(376,898)	1,957,928
Additions to non-current assets:					
- investment properties	2,876,575	-	-	-	2,876,575
- land held for property development	-	835,145	-	-	835,145
- plant and equipment	14,980	4,408	19,865	-	39,253
- right-of-use assets	-	102,528	-	-	102,528
Segment assets	310,251,396	139,704,976	4,688,718	(142,850,799)	311,794,291
Segment liabilities	4,494,474	8,296,782	2,908,680	218,865	15,918,801

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

33. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using gearing ratio. The gearing ratio as of the end of the reporting period are as following:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Borrowing (excluding lease liabilities)	18	42,000,000	-	-	-
Equity attributable to owners of the Company		299,330,563	295,378,745	282,254,529	279,858,518
Gearing ratio		0.14	-	-	-

(b) Financial instruments

Categories of financial instruments

Group	2023 RM	2022 RM
Financial assets		
Fair value through profit or loss		
Other investments	77,682,927	63,690,854
Amortised cost		
Trade and other receivables, net of prepayments	19,186,941	22,592,539
Cash and bank balances	40,505,722	50,375,616
	59,692,663	72,968,155
	137,375,590	136,659,009
Financial liabilities		
Amortised cost		
Trade and other payables	8,563,626	9,921,919
Borrowing	42,000,000	-
	50,563,626	9,921,919

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial instruments *(continued)*

Categories of financial instruments *(continued)*

Company	2023 RM	2022 RM
Financial assets		
Fair value through profit or loss		
Other investments	65,671,891	47,323,434
Amortised cost		
Trade and other receivables, net of prepayments	33,688,132	825,666
Cash and bank balances	34,944,284	43,850,279
	68,632,416	44,675,945
	134,304,307	91,999,379
Financial liabilities		
Amortised cost		
Trade and other payables	142,966	194,069

(c) Methods and assumptions used to estimate fair value

The fair value of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and floating rate borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

(ii) Money market funds

Unquoted short term money market funds of the Group and of the Company is highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value. The fair value is determined by reference to the counter party quotes at the close of the business at the end of the reporting period.

(iii) Financial guarantees

The Group and the Company provides corporate guarantees to licensed banks for banking facilities granted to subsidiaries and financial guarantees to third parties for supply of services to subsidiaries. The financial guarantees have not been recognised since the fair value on initial recognition was not material as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries borrowing in view of the securities pledged by the subsidiaries as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

33. FINANCIAL INSTRUMENTS *(continued)*

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table set out the financial instruments carried at fair value, together with their fair value and carrying amount shown in the statements of financial position:

	Fair value of financial instruments carried at fair value				
	Level 1 RM	**Level 2 RM**	**Level 3 RM**	**Total fair value RM**	**Carrying amount RM**
2023					
Group					
Fair value through profit or loss					
Other investments	-	77,682,927	-	77,682,927	77,682,927
Company					
Fair value through profit or loss					
Other investments	-	65,671,891	-	65,671,891	65,671,891
2022					
Group					
Fair value through profit or loss					
Other investments	-	63,690,854	-	63,690,854	63,690,854
Company					
Fair value through profit or loss					
Other investments	-	47,323,434	-	47,323,434	47,323,434

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk as well as market price risk. Information on the management of the related exposures is detailed below.

(a) Credit risk

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group extends credit to its customers based upon evaluation of the customer's creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. If necessary, the Group may obtain collaterals/assignments as a mean of mitigating the risk of default.

<u>Exposure to credit risk</u>

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit exposure for trade and other receivables is disclosed in Note 13 to the financial statements.

<u>Credit risk concentration profile</u>

The Group and the Company determine concentration of credit risk by identifying and monitoring any significant long outstanding balance owing by any major customer or counter party on an on-going basis.

The Group and the Company do not have any significant concentration of credit risk as at the end of the reporting period except for the amounts owing by subsidiaries of the Company.

As of the end of the reporting period, the Company's maximum exposure to credit risk represented by corporate guarantee provided to banks for banking facilities granted to its subsidiaries is disclosed in Note 22 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group is unable to service its cash obligations in the future. To mitigate this risk, the management measures and forecasts its cash commitments, monitors and maintain a level of cash and cash equivalents and credit facilities deemed adequate to finance the Group's operations and development activities.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity and cash flow risk *(continued)*

	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
As at 31 March 2023				
Financial liabilities				
Group				
Trade and other payables	8,563,626	-	-	8,563,626
Lease liabilities	863,378	1,020,250	-	1,883,628
Financial guarantee*	271,000	-	-	271,000
Borrowing	2,682,730	26,396,010	28,208,147	57,286,887
Total undiscounted financial liabilities	12,380,734	27,416,260	28,208,147	68,005,141
Company				
Trade and other payables	142,966	-	-	142,966
Lease liabilities	623,198	651,001	-	1,274,199
Financial guarantee*	42,000,000	-	-	42,000,000
Total undiscounted financial liabilities	42,766,164	651,001	-	43,417,165
As at 31 March 2022				
Financial liabilities				
Group				
Trade and other payables	9,921,919	-	-	9,921,919
Lease liabilities	607,308	856,703	-	1,464,011
Financial guarantee*	271,000	-	-	271,000
Total undiscounted financial liabilities	10,800,227	856,703	-	11,656,930
Company				
Trade and other payables	194,069	-	-	194,069
Lease liabilities	344,628	247,274	-	591,902
Financial guarantee*	61,190,000	-	-	61,190,000
Total undiscounted financial liabilities	61,728,697	247,274	-	61,975,971

* This disclosure represents the maximum liquidity risk exposure.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates. The exposures to market risk of the Group and of the Company for changes in interest rates relates primarily to the deposits placed with licensed banks and interest bearing borrowings of the Group and of the Company. The Group and the Company does not use derivative financial instruments to hedge this risk.

The following table sets out the carrying amounts, the weighted average effective interest rates and incremental borrowing rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate/ incremental borrowing rate %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM	Total RM
31 March 2023							
Fixed rates							
Deposits with licensed banks	16	2.44	230,355	-	-	-	230,355
Floating rate							
Borrowing	18	6.37	-	1,750,000	15,750,000	24,500,000	42,000,000
31 March 2022							
Fixed rates							
Deposits with licensed banks	16	1.50	225,678	-	-	-	225,678

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group	
	2023 RM	2022 RM
Profit after tax		
- Increase by 1% (2022: 1%)	(319,200)	-
- Decrease by 1% (2022: 1%)	319,200	-

The sensitivity for the Group is higher in 2023 than in 2022 because of the increase in outstanding borrowing during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Market price risk

Market price risk is the risk that the fair value of future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market prices.

The Group and the Company is exposed to market price risks arising from other investments held by the Group and the Company. The maximum exposure of the Group and the Company to price risk is represented by the total carrying amount of the other investments recognised in the statements of financial position as disclosed in Note 15 to the financial statements. There has been no change to the exposure of the Group and of the Company to market risk or the manner in which the risk is managed and measured.

Sensitivity analysis for market price risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if market value at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit after tax				
- Increase by 1% (2022: 1%)	(590,390)	(484,050)	(499,106)	(359,658)
- Decrease by 1% (2022: 1%)	590,390	484,050	499,106	359,658

The sensitivity for the Group is higher in 2023 than in 2022 because of the increase in other investments during the financial year. The assumed movement in basis points for market price sensitivity analysis is based on current observable market environment.

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

(a) On 5 December 2019, PGPSB, a wholly owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("SPA") with a third party ("the Vendor") to acquire a piece of freehold land for total purchase consideration of RM60,962,220. The amount paid to the Vendor of RM12,192,444 in previous financial years had been recognised as deposit as disclosed in Note 13 to the financial statements.

On 17 November 2022, the proposed acquisition has completed pursuant to the terms of the SPA.

(b) On 24 June 2022, PPSB, a wholly owned subsidiary of the Company, had entered into three (3) Sale and Purchase Agreements ("SPAs") with third parties (collectively known as "the Vendors") to acquire three (3) pieces of freehold land located in Mukim of Plentong, Johor Bahru for total purchase consideration of RM38,079,420. The amount paid of RM3,807,942 (2022: RM701,589) has been recognised as deposits as disclosed in Note 13 to the financial statements.

Subject to the terms and conditions stipulated in the SPAs, the transactions are yet to be completed as at the financial year ended 31 March 2023, therefore the balance amount of RM34,271,478 had been disclosed as commitment in Note 21 to the financial statements.

Subsequent to the financial year, on 10 April 2023, these proposed acquisitions have been completed pursuant to the terms of the SPAs.

NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 2023 (continued)

35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD *(continued)*

(c) On 9 November 2022 and 30 November 2022, PBHSB, a wholly owned subsidiary of the Company, had entered into two (2) separate Sale and Purchase Agreements ("SPAs") with third parties (collectively known as "the Vendors") to acquire two pieces of freehold land held under Geran 80943 Lot 2699 and GM 699 Lot 300, for total purchase consideration of RM81,018,000. The amount paid of RM8,101,800 has been recognised as deposits as disclosed in Note 13 to the financial statements.

Subject to the terms and conditions stipulated in the SPAs, the transactions are yet to be completed as at the financial year ended 31 March 2023, therefore the balance amount of RM72,916,200 had been disclosed as commitment in Note 21 to the financial statements.

Subsequent to the financial year, on 19 April 2023, the proposed acquisition for freehold land held under GM699 Lot 300 has been completed pursuant to the terms of the SPA.

Subjected to the terms and conditions stipulated in the SPA for Geran 80943 Lot 2699, the transaction is yet to be completed as at the reporting date.

(d) On 30 May 2023, PGPSB has entered into a Sale and Purchase Agreement ("SPA") with a third party ("the Vendor") and paid a deposit of RM250,488 to acquire a piece of freehold land located in Mukim of Pulai, Johor Bahru for total purchase consideration of RM2,504,884.

(e) On 19 June 2023, the Company subscribed the entire paid up capital of a newly incorporated company, namely PGB Iconic Sdn. Bhd. ("PISB") for total consideration amounting to RM100. Consequently, PISB become a wholly owned subsidiary.

On 3 July 2023, PISB has entered into a Sale and Purchase Agreement ("SPA") with a third party ("the Vendor") and paid a deposit of RM1,220,769 to acquire two pieces of freehold land located in District of Johor Bahru, Johor for total purchase consideration of RM12,207,690.

36. COMPARATIVES

Certain comparatives have been reclassified to conform with current year's presentation.

(a) Statement of cash flows for the financial year ended 31 March 2022

Group	As previously reported RM	Reclassification RM	As restated RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Changes in working capital:			
Trade and other receivables	56,198	(1,740,000)	(1,683,802)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayments from/(Advances to) subsidiaries	4,677,887	(4,677,887)	-
Advances to subsidiaries	-	(10,356,364)	(10,356,364)
Repayments from subsidiaries	-	16,774,251	16,774,251

ANALYSIS OF SHAREHOLDINGS

As at 3 July 2023

A. SHARE CAPITAL

Total Number of Issued Shares	:	746,623,332
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote for each ordinary shares held

B. ANALYSIS OF SHAREHOLDINGS

Number of Holders	Size of Holdings	Total Holdings	Percentage of Holdings (%)
90	Less than 100	1,622	0.000
288	100 to 1,000	173,037	0.023
536	1,001 to 10,000	2,573,548	0.345
483	10,001 to 100,000	17,918,625	2.400
132	100,001 to less than 5% of Issued Shares	277,816,100	37.210
2	5% and above of Issued Shares	448,140,400	60.022
1,531		746,623,332	100.000

C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	Number of Shares	Percentage of Shares (%)
1.	Paragon Adventure Sdn. Bhd.	374,810,000	50.200
2.	Tan Sri Dato' Tan Hua Choon	73,330,400	9.821
3.	HSBC Nominees (Asing) Sdn. Bhd. Exempt An for Bank Julius Baer & Co. Ltd.	36,000,000	4.821
4.	Indobonus Sdn. Bhd.	27,562,900	3.691
5.	Ong Wee Lieh	22,400,000	3.000
6.	Chew Huat Heng	20,000,000	2.678
7.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Tan Wei Lun	16,000,000	2.142
8.	Maybank Securities Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Ong Har Hong	16,000,000	2.142
9.	Neoh Poh Lan	15,447,400	2.068
10.	Chew Huat Heng	15,200,000	2.035

ANALYSIS OF SHAREHOLDINGS AS AT 3 JULY 2023 (continued)

C. THIRTY LARGEST SHAREHOLDERS *(continued)*

No.	Name of Shareholder	Number of Shares	Percentage of Shares (%)
11.	Lee Pui Inn	12,289,100	1.645
12.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Paragon Adventure Sdn. Bhd.	12,000,000	1.607
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An for Bank Of Singapore Limited	6,000,000	0.803
14.	Tan Ban Aik	4,950,800	0.663
15.	Tan Eng Boon	4,075,300	0.545
16.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Kin Lip	3,250,000	0.435
17.	Gui Ah Tee	2,965,100	0.397
18.	Lim Yong Hiang	2,845,600	0.381
19.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Rickoh Corporation Sdn. Bhd.	2,817,800	0.377
20.	Law Wei Hong	2,700,000	0.361
21.	Yong Cheen Yau	2,639,200	0.353
22.	Lim Chin Po	2,085,400	0.279
23.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Cheong Yow Kien	1,876,800	0.251
24.	Seah Ley Hong	1,828,400	0.244
25.	See Choon Gek	1,787,200	0.239
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Tan Kar Ho	1,755,000	0.235
27.	Tang Lit Hiang	1,687,300	0.225
28.	Ng Shih Chiow	1,600,000	0.214
29.	Khew Chien Xing	1,353,300	0.181
30.	Lee Chiew	1,320,000	0.176

ANALYSIS OF SHAREHOLDINGS AS AT 3 JULY 2023 (continued)

D. SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 144 of the Companies Act 2016, the following are the substantial shareholders of the Company:

No.	Shareholder	Direct Interest	%	No of Shares Deemed Interest	%
1.	Paragon Adventure Sdn. Bhd.	386,810,000	51.808	-	-
2.	Tan Sri Dato' Tan Hua Choon	73,330,400	9.821	-	-
3.	Dato' Sri Edwin Tan Pei Seng^	175,200	0.023	386,810,000	51.808
4.	Dato' Sri Godwin Tan Pei Poh^	8,000	0.001	386,810,000	51.808

E. DIRECTORS' SHAREHOLDINGS

According to the Register required to be kept under Section 59 of the Companies Act 2016, the following are the shareholdings of the Directors of the Company:

No.	Directors	Direct Interest	%	No of Shares Deemed Interest	%
1.	Dato' Sri Edwin Tan Pei Seng^	175,200	0.023	386,810,000	51.808
2.	Dato' Sri Godwin Tan Pei Poh^	8,000	0.001	386,810,000	51.808
3.	Mdm. Leong Siew Foong	-	-	-	-
4.	Mr. Tee Boon Hin	-	-	-	-
5.	Dato' Haji Ismail Bin Karim	-	-	-	-
6.	Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	-	-	-	-
7.	Dato' Jeffrey Lai Jiun Jye	-	-	-	-

Note:

^ Deemed interested by virtue of his substantial indirect interest in Paragon Adventure Sdn. Bhd.

LIST OF GROUP PROPERTIES
AS AT 31 MARCH 2023

No	Company	Address	Description	Existing Use	Tenure / Approximate Age of Building	Net Book Value as at 31.03.2023 RM '000	Date of acquisition (A)/ Date of completion (C) / Date of revaluation (R)
1	Paragon Bizhub Sdn Bhd	HSD 15022 PTD 14294 Mukim Jeram Batu Daerah Pontian, Johor	Approx. 1.0 acres of land approved for a petrol station	Development in progress	Freehold	4,800	2017 (A) /2018 (C) / 2023 (R)
2	Paragon Bizhub Sdn Bhd	HSD 15023 PTD 14295 HSD 15024 PTD 14296 Mukim Jeram Batu Daerah Pontian, Johor	Approx. 2.1 acres of land approved for commercial developments comprising shop offices	Development in progress	Freehold	10,062	2017 (A) / 2018 (C)
3	Paragon Bizhub Sdn Bhd	GRN 537530 - 537533 Lot 68977 - 68980 Mukim Jeram Batu Daerah Pontian, Johor	Approx. 6.3 acres of 4 parcels of industrial land	Development in progress	Freehold	11,928	2017 (A) / 2018 (C)
4	Paragon Bizhub Sdn Bhd	GRN 537539 - 537540 Lot 68982 - 68983 Mukim Jeram Batu Daerah Pontian, Johor	Approx. 5.0 acres of 2 parcels of industrial land	Development in progress	Freehold	9,380	2017 (A) / 2018 (C)
5	Paragon Bizhub Sdn Bhd	HSD 14727 PTD 14003 Mukim Jeram Batu Daerah Pontian, Johor	Approx. 4.1 acres of hostel land	Development in progress	Freehold	9,800	2017 (A) / 2018 (C) / 2023 (R)
6	Paragon Bizhub Sdn Bhd	GM 568 Lot 5036 Mukim Jeram Batu, Daerah Pontian, Johor	Approx. 7.6 acres of vacant land	Vacant land	Freehold	11,270	2022 (A) & (C)

LIST OF GROUP PROPERTIES AS AT 31 MARCH 2023 (continued)

No	Company	Address	Description	Existing Use	Tenure / Approximate Age of Building	Net Book Value as at 31.03.2023 RM '000	Date of acquisition (A)/ Date of completion (C) / Date of revaluation (R)
7	Builtech Acres Sdn Bhd	GRN 96500 Lot 5244 Mukim Labu, Daerah Sepang, Selangor	Approx. 7.1 acres of land approved for developments comprising medical centre	Development in progress	Freehold	37,387	2019 (R)
8	Builtech Acres Sdn Bhd	GRN 335351 Lot 3509 Mukim Labu, Daerah Sepang, Selangor	Approx. 19.6 acres of vacant land	Vacant land	Freehold	36,000	2023 (R)
9	Paragon Globe Properties Sdn Bhd	HSD 609017 PTD 217874 Mukim Pulai, Daerah Johor Bahru, Johor.	Approx. 21.6 acres of vacant land	Vacant land	Freehold	44,751	2019 (A) / 2022 (C)
10	Paragon Globe Properties Sdn Bhd	HSD 609016 PTD 217873 Mukim Pulai, Daerah Johor Bahru, Johor.	Approx. 9.5 acres of vacant land	Vacant land	Freehold	19,773	2019 (A) / 2022 (C)
						195,151	

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventy-Sixth Annual General Meeting ("76th AGM") of the Company will be held at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru Johor, Malaysia on Wednesday, 30 August 2023 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following Ordinary Resolutions: -

AGENDA

ORDINARY BUSINESS

1.	To lay before the meeting the Audited Financial Statements of the Group and the Company for the financial year ended 31 March 2023 together with the Reports of the Directors and Auditors thereon.	**Please refer Explanatory Note A**
2.	To re-elect the following Directors who retire during the year in accordance with the Company's Constitution and being eligible, offer themselves for re-election:	
	(a) Dato' Sri Edwin Tan Pei Seng - Article 106	**RESOLUTION 1**
	(b) Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar - Article 106	**RESOLUTION 2**
3.	To approve the proposed payment of Non-Executive Directors' Fees totaling RM258,000 for the financial year ending 31 March 2024 in the following manner:	
	(a) RM66,000 to Tee Boon Hin	**RESOLUTION 3**
	(b) RM66,000 to Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar	**RESOLUTION 4**
	(c) RM66,000 to Dato' Haji Ismail bin Karim	**RESOLUTION 5**
	(d) RM60,000 to Dato' Jeffrey Lai Jiun Jye	**RESOLUTION 6**
4.	To approve the payment of Non-Executive Directors' Allowances up to an amount of RM100,000 for the period from 30 August 2023 to the next AGM of the Company.	**RESOLUTION 7**
5.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	**RESOLUTION 8**

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL BUSINESS

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

6. **SPECIAL RESOLUTION**

WAIVER OF PRE-EMPTIVE RIGHTS OF THE SHAREHOLDERS UNDER SECTION 85 (1) OF COMPANIES ACT 2016 READ TOGETHER WITH ARTICLE 55 — **RESOLUTION 9**

"**THAT** pursuant to Section 85 of the Companies Act, 2016 read together with Article 55 of the Company's Constitution, approval be and is hereby given to waive the pre-emptive rights of the shareholders of the Company over (a) all new shares in the Company; and (b) any offers, agreements, rights or options in respect of any new shares in the Company and any new shares in the Company which may be issued pursuant to such offers, agreements, rights or options and for the Board to be exempted, in respect of the Renewal Mandate, from any obligation to make or grant any offers, agreements, rights or options in respect of any new shares in the Company first to the existing shareholders of the Company in proportion to their respective shareholdings in the Company."

7. **RENEWAL OF THE AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75(1) AND 76(1) OF THE COMPANIES ACT 2016 (the "Renewal Mandate")** — **RESOLUTION 10**

"**THAT** pursuant to Sections 75(1) and 76(1) of the Companies Act 2016, the Constitution of the Company and subject to the approval of the relevant authorities, where such approval is necessary, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion, deem fit, including in pursuance of offers, agreements, rights or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements, rights or options in respect of shares in the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad, **AND THAT** such authority conferred by this resolution shall commence upon passing this ordinary resolution and continue to be in force until the conclusion of the next AGM of the Company."

NOTICE OF ANNUAL GENERAL MEETING (continued)

8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED SHAREHOLDERS' MANDATE FOR NEW RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("Proposed Shareholders' Mandate")** **RESOLUTION 11**

"**THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into existing recurrent related party transactions and new recurrent related party transactions of a revenue or trading nature with the related parties mentioned under section 2.4 of the Circular to Shareholders dated 31 July 2023 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favourable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company at which such Proposed Shareholders' Mandate is passed, at which time will lapse, unless by ordinary resolution passed at the Annual General Meeting whereby the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016, ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier."

9. To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

BY ORDER OF THE BOARD

LEONG SIEW FOONG
MAICSA No. 7007572 (CCM PC No.: 202008001117)

Company Secretary

Johor Bahru
31 July 2023

NOTICE OF ANNUAL GENERAL MEETING (continued)

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his(her) behalf. Each member entitled to vote may vote in person or by proxy or by attorney or in case of a corporation, to appoint a duly authorised representative to attend or vote in his/her place.

2. Where a member entitled to vote on a resolution has appointed more than one (1) proxy, the proxies shall only be entitled to vote on poll provided that the member specifies the proportion of his shareholdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for Omnibus Account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. Every member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the meeting of members and that such proxy need not be a member.

6. The Proxy Form shall be deposited with the Company's Share Registrar, 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit proxy appointment electronically via TIIH Online at **https://tiih.online** not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Please follow the procedures as set out in the Administrative Guide for the 76th AGM for the electronic lodgement of Proxy Form.

7. For the purpose of determining who shall be entitled to attend and vote at the Meeting, the Company shall be requesting the Record of Depositors as at 24 August 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend and vote at this Meeting and appoint proxy(ies).

ORDINARY BUSINESS: -

Audited Financial Statements for financial year ended 31 March 2023 - Explanatory Note A

8. This Agenda item is meant for discussion only as the audited financial statements do not require formal approval of shareholders pursuant to 340(1)(a) of the Companies Act 2016. Hence, the matter will not be put for voting.

Re-election of Directors who retire in accordance with Articles 106 of the Company's Constitution

9. Article 106 of the Company's Constitution provides that one-third (1/3) or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. With the current Board size of seven (7), two (2) Directors are to retire in accordance with Article 106 of the Company's Constitution provided that all Directors shall retire from office once at least in every three (3) years and shall be eligible for re-election. The Company has also complied with the minimum requirement of Independent Directors, ie one-third (1/3) of its Board composition consists of Independent Directors. In the event of any vacancy in the Board of Directors, resulting in non-compliance of minimum Independent Director requirement, such vacancy must be filled within three (3) months.

NOTICE OF ANNUAL GENERAL MEETING (continued)

For the purpose of determining the eligibility of the Directors to stand for re-election at the 76th AGM, the Nomination Committee ("NC") has considered the following:

(1) The assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities;

(2) The level of independence demonstrated by each of the Non-Executive Directors ("NEDs"), and their ability to act in the best interests of the Company in decision-making, to ensure that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company; and

(3) Fit and Proper Policy.

In line with the Malaysian Code on Corporate Governance ("MCCG"), the Board has conducted an assessment of independence of the NEDs, and also other criteria i.e. character, integrity, competence, experience and time commitment in effectively discharging their respective roles as Directors of the Company. The individual Directors were assessed based on performance criteria set in the areas of Board dynamics and participation, competency and capability, independence and objectivity, probity and personal integrity, contribution and performance together with their ability to make analytical inquiries and offer advice and guidance. In addition, the retiring Directors have been assessed and evaluated individually by the Board based on fit and proper criteria.

Premised on the annual assessment results, the individual Directors (including retiring Director) met the performance criteria required of the Company. Hence, the Board accepted the NC's recommendation that the Directors who retire in accordance with Article 106 of the Company's Constitution are eligible to stand for re-election at the relevant Board meeting. Retiring Directors had consented to their re-election, abstained from deliberations and decisions on their own eligibility and suitability to stand for re-election at Board meeting. Profiles of the retiring Directors are set out on pages 6 to 12 of the Company's Annual Report for the financial year ended 31 March 2023. In addition, the retiring Directors have satisfied the Company's Directors' Fit and Proper Policy. Retiring Directors will abstain from voting on the resolution in respect of their re-election at the 76th AGM.

Directors' remuneration

10. Resolutions 3 to 7, pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Guidance 7.2 of Malaysian Code on Corporate Governance requires each and every Non-Executive Director's fee and benefit to be table individually in the forthcoming AGM. In this respect, the Board agreed that the shareholders' approval shall be sought at 76th AGM on the Directors remuneration in two (2) separate resolutions as below: -

(a) Resolutions 3 to 6 on payment of Directors' fees in respect of the financial year ending 31 March 2024 ("FY2024"); and

(b) Resolution 7 on the payment of Directors' benefits from 76th AGM to the next AGM in 2024 ("Relevant Period").

Directors' fees

11. The Board decided that the NEDs' fees for FY2023 remained unchanged in view of the performance of the Company and the current global economy. The detailed NEDs' fees are contained in page 107 of Corporate Governance Overview Statement.

The payment of the NEDs' fees in respect FY2024 will only be made provided Resolutions 3 to 6 have been passed at 76th AGM.

Directors' remuneration (excluding Directors' fees)

12. The Directors' remuneration (excluding Directors' fees) comprises the allowances and other emoluments payable to NEDs. Benefits are to reimburse NEDs' travelling expenses to attend meetings of Company. In addition, benefits comprise meeting allowances that are payable to all the NEDs. Payment of benefits to the NEDs will be made by the Company as and when incurred, after they have discharged their responsibilities and rendered their services to the Company of the Relevant Period, based on the proposed benefits, if the proposed Resolution 7 is passed at the forthcoming Annual General Meeting.

    The Board is of the view that it is just and equitable for the Directors to be paid the Directors' benefits (excluding Directors' fees) as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company in the respective financial year.

    The total amount of benefits payable to NEDs is estimated to be up to RM100,000 for the Relevant Period after taking into account of several factors including the number of scheduled meetings to be held during the Relevant Period.

    Based on the schedule of meetings held in FY2023, an amount of RM13,500 has been utilised to pay the benefits to the Directors.

    NEDs who are shareholders of the Company will abstain from voting on Resolution 7 at the 76th AGM.

Appointment of Auditors

13. Pursuant to Section 273(b) of the Act, the term of office of the present Auditors, Messrs BDO PLT ("BDO"), shall lapse at the conclusion of this AGM unless they are re-appointed by the shareholders to continue in office. BDO, have indicated their willingness to continue their service until the conclusion of the 76th AGM.

    An annual assessment on the suitability and independence of BDO and the results were made known to Audit Committee. Amongst the criteria considered in the assessment,

    (a) the adequacy of the experience and resources of BDO in terms of the firm and the professional staff assigned to the audit;

    (b) independence of BDO and the level of non-audit services to be rendered by BDO to Company for FY2023, the number and experience of supervisory and professional staff assigned to the particular audit.

    Audit Committee took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at the private meetings, which demonstrated their independence, objectivity and professionalism. BDO also presented to Audit Committee its Annual Transparency Report.

    Audit Committee was satisfied with the suitability of BDO and recommended to the Board the re-appointment of BDO as Auditors has been considered against the relevant criteria prescribed by Paragraph 15.21 of the MMLR. Audit Committee was also satisfied in its review that the provisions of non-audit services by BDO to the Company and the Group for the financial year ended 31 March 2023 did not in any way impair their objectivity and independence as external auditors of the Group. The Board at its meeting held on 18 July 2023 accepted Audit Committee's recommendation and subsequently recommended the same for shareholders' approval to be sought at the 76th AGM on the re-appointment of BDO as external auditors of the Company for FY2024 under Resolution 8. Once it is passed, it will also give the Directors of the Company, the authority to determine the remuneration of the Auditors.

NOTICE OF ANNUAL GENERAL MEETING (continued)

SPECIAL BUSINESS:

Waiver of pre-emptive rights to new shares under Section 85(1) of the Companies Act 2016 read together with Article 55 of the Constitution of the Company

14. The Resolution 9, is a special resolution, is pertaining to the waiver of pre-emptive rights granted to the shareholders under Section 85 of the Act.

    Pursuant to Section 85(1) of the Companies Act 2016 read together with Article 55 of the Constitution of the Company, shareholders of the Company have pre-emptive rights to be offered new shares in the Company in proportion to their shareholdings in the Company.

    Section 85(1) of the Companies Act 2016 provides as follows:

    "85. Pre-emptive rights to new shares.
    (1) Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relevant voting and distribution rights of those shareholders."

    Extract of relevant portion of Article 55 of the Constitution of the Company provides as follows:

    "55. Subject to any direction to the contrary that may be given by the Company in meeting of Members, any original shares for the time being unissued and not allotted and any new shares or other convertible securities from time to time be created shall, before they are issued be offered to such persons, as at the date of the offer, are entitled to receive notices from the Company of meetings of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled."

    In order for the Board to allot and issue any new shares in the Company pursuant to the General Mandate sought at the 76th AGM without first having to offer those shares to the shareholders of the Company in proportion to their shareholdings in the Company, the shareholders' pre-emptive rights under Section 85(1) of the Companies Act 2016 read together with Article 55 of the Constitution of the Company must first be waived. This resolution, if passed, will exclude such pre-emptive rights and will enable the Board to issue and allot shares in the Company and to make or grant offers, agreements, rights or options in respect of new shares in the Company pursuant to the General Mandate obtained directly to or with the intended allottees, placees, subscribers and/or such persons identified by the Board without being subject to the shareholders' pre-emptive rights.

Renewal of authority to allot and issue shares pursuant to Sections 75(1) and 76(1) of the Companies Act 2016 (the "Renewal Mandate")

15. The Resolution 10 is for the purpose of renewing the General Mandate for issuance of shares by the Company pursuant to Sections 75(1) and 76(1) of the Companies Act 2016.

    The Resolution 10, if passed, is primarily to give flexibility to the Board of Directors of the Company, from the date of 76th AGM, to allot and issue shares or to make or grant offers, agreements, rights or options in respect of shares to such persons in their absolute discretion including to make or grant offers, agreements, rights or options which would or might require shares in the Company to be issued after the expiration of the approval, without having to convene a general meeting, provided that the aggregate number of shares issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being ("General Mandate"). As at the date of this Notice, the Directors have not utilised the General Mandate granted to the Directors at the 76th AGM and hence, no proceed was raised therefrom.

    This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING (continued)

The authority will provide flexibility to the Company for allotment and issuance of shares for any possible fund-raising activities, including but not limited to placement of shares for purpose of funding of working capital, capital expenditures, general corporate purposes, settlement of trade and non-trade creditors, repayment of banking facilities or as consideration for strategic investments.

Proposed Renewal Shareholders' Mandate for Existing Recurrent Related Party Transactions and New Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

16. The Proposed Shareholders' Mandate under Resolution 11 is seeking for shareholders' approval at the forthcoming Annual General Meeting of the Company.

    The Proposed Shareholders' Mandate is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

    By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

    Further information on Proposed Shareholders' Mandate is set out in the Circular to Shareholders of the Company which is published on the Company website at **https://pgbgroup.com.my/**.

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, 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.

PARAGON GLOBE BERHAD
百丽环球
194801000095 (1713-A)
(Incorporated in Malaysia)

	%
First Proxy	%
Second Proxy	%
TOTAL	**100 %**

PROXYFORM

I/We ______________________________ NRIC/Passport No: ______________

of ______________________________ Telephone No: ______________

being a member/members of PARAGON GLOBE BERHAD hereby appoint ______________________________

______________________________ NRIC/Passport No: ______________

of ______________________________

#and/#or failing him/ her ______________________________ NRIC/Passport No: ______________

of ______________________________

or failing #him/#her, the CHAIRMAN OF THE MEETING as my/our proxy(ies) to vote for me/us and on my/our behalf at the Seventy-Sixth Annual General Meeting ("76th AGM") of the Company at Level 2, Grand Paragon Hotel, No. 18, Jalan Harimau, Taman Century, 80250 Johor Bahru, Johor Darul Takzim, Malaysia on Wednesday, 30 August 2023 at 10.00 a.m. or at any adjournment thereof.

Delete if not applicable

My/Our proxy(ies) is/are to vote as indicated below:

AGENDA	RESOLUTION	FOR	AGAINST
Re-election of Dato' Sri Edwin Tan Pei Seng.	1		
Re-election of Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar.	2		
Approval the payment of RM66,000 for the Non-Executive Directors' Fees to Tee Boon Hin for the financial year ending 31 March 2024.	3		
Approval the payment of RM66,000 for the Non-Executive Directors' Fees to Tan Sri Datuk Wira Dr. Hj. Mohd Shukor Bin Hj. Mahfar for the financial year ending 31 March 2024.	4		
Approval the payment of RM66,000 for the Non-Executive Directors' Fees to Dato' Haji Ismail bin Karim for the financial year ending 31 March 2024.	5		
Approval the payment of RM60,000 for the Non-Executive Directors' Fees to Dato' Jeffrey Lai Jiun Jye for the financial year ending 31 March 2024.	6		
Approval the payment of Non-Executive Directors' Allowances up to an amount of RM100,000 for the period from 30 August 2023 to the next AGM of the Company.	7		
Re-appointment of Messrs BDO PLT as Auditors.	8		
SPECIAL RESOLUTION Approval to waive pre-emptive rights of the shareholders under Section 85(1) of Companies Act 2016 read together with Article 55.	9		
Approval for the Renewal Mandate for the authority to allot and issue shares pursuant to Sections 75(1) & 76(1).	10		
Approval for the Proposed Renewal Shareholders' Mandate for Existing Recurrent Related Parties Transactions and Proposed Shareholders' Mandate for New Recurrent Related Party Transactions of a Revenue or Trading Nature.	11		

(Please indicate with an 'X' in the spaces provided how you wish your vote to be cast. If you do not do so, your proxy will vote or abstain from voting at his/her discretion.)

The proportion(s) of my/our holding to be represented by my/our proxies is/are stated as above.

Signed this______________ day of ______________ 2023.

____
Signature

Notes:

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on his(her) behalf. Each member entitled to vote may vote in person or by proxy or by attorney or in case of a corporation, to appoint a duly authorised representative to attend or vote in his/her place.*
2. *Where a member entitled to vote on a resolution has appointed more than one (1) proxy, the proxies shall only be entitled to vote on poll provided that the member specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or if the member is a corporation, shall either be executed under its common seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
4. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for omnibus account, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
5. *Every member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the meeting of members and that such proxy need not be a member.*
6. *The Proxy Form shall be deposited with the Company's Share Registrar, 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 or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, to submit proxy appointment electronically via TIIH Online at* ***https://tiih.online*** *not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Please follow the procedures as set out in the Administrative Guide for the 76th AGM for the electronic lodgement of Proxy Form.*
7. *For the purpose of determining who shall be entitled to attend and vote at the Meeting, the Company shall be requesting the Record of Depositors as at 24 August 2023 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend and vote at this Meeting and appoint proxy(ies).*

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AFFIX STAMP

The Share Registrar
PARAGON GLOBE BERHAD
(Company No. 194801000095 (1713-A))
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Wilayah Persekutuan
Kuala Lumpur

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PARAGON GLOBE BERHAD
194801000095(1713-A)

Headquarter:
Level 10-02, Grand Paragon Hotel, No.18, Jalan Harimau,
Taman Century, 80250 Johor Bahru, Johor.
T 607-278 6668 **F** 607-278 6666

KL Office:
No. 9, Lorong Gurney, Off Jalan Semarak, 54100 Kuala Lumpur.
T 603-2691 2288 **F** 603-2691 2228

www.pgbgroup.com.my