

MAGNA PRIMA BERHAD



MOVING AHEAD
INSPIRING
GROWTH

ANNUAL REPORT 2021

ABOUT US

Magna Prima was incorporated in Malaysia on 5 December 1995 as a private limited company before subsequently being converted to a public limited company, assuming its listing status on Bursa Malaysia and adopting its present name of Magna Prima Berhad on 16 January 1997.

Magna Prima Berhad is an investment holding company and through its subsidiaries, provides a diverse range of property development, building construction, trading and management services.

Focused in the Klang Valley, Magna Prima Berhad is a niche developer of integrated lifestyle themed projects that attract robust take up rates. The Group focuses on purchasing and developing pocket-sized landbanks which are located in high density areas, with easy accessibility and have a significant gross development value.



27TH

ANNUAL GENERAL MEETING

Date 8 June 2022, Wednesday

Time 10.00 a.m.

Venue Ideal Convention Centre - IDCC Shah Alam,
Level 7, Jalan Pahat L 15/L,
Seksyen 15, 40200 Shah Alam,
Selangor Darul Ehsan.

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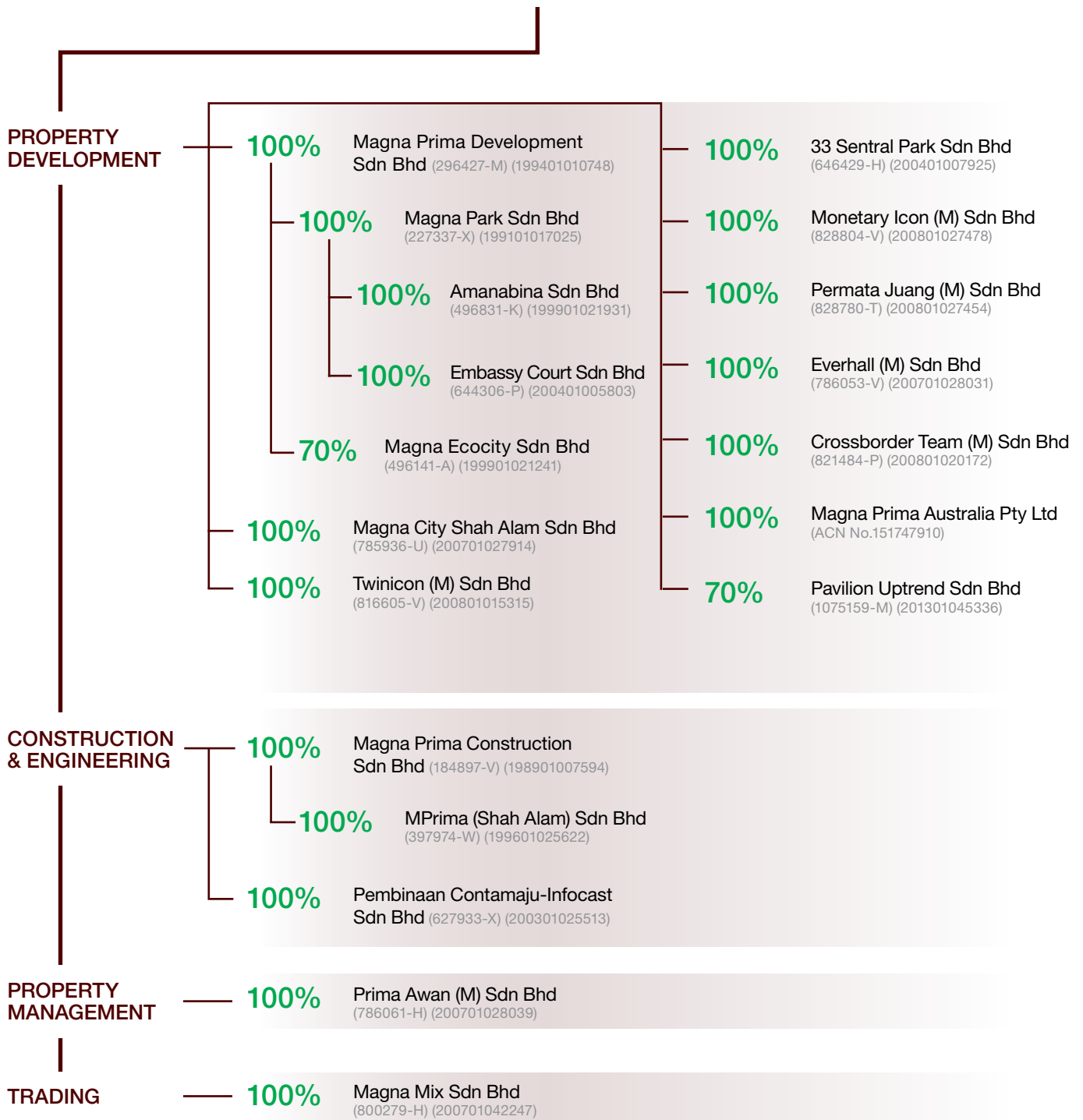
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PROXY FORM

MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
GROUP STRUCTURE



MAGNA PRIMA BERHAD
(369519-P) (199501040315)



MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
GROUP INFORMATION

BOARD OF DIRECTORS

**TAN SRI DATUK ADZMI
BIN ABDUL WAHAB**

*Independent Non-Executive Director,
Chairman*

TAN CHIN YEN

Executive Director

LEE CHIN CHEH

Executive Director

HO WEN YAN

*Non-Independent Non-Executive
Director*

DATO' DARAWATI HUSSAIN

Independent Non-Executive Director

SAZALI BIN SAAD

Independent Non-Executive Director

**DATO' SRI HJ WAN ADNAN
BIN WAN MAMAT**

Independent Non-Executive Director

CHANG CHEE KOK

*Non-Independent Non-Executive
Director*

AUDIT COMMITTEE

Dato' Darawati Hussain - *Chairperson*

Tan Sri Datuk Adzmi Bin Abdul Wahab

Sazali Bin Saad

Dato' Sri Hj Wan Adnan Bin Wan Mamat

NOMINATION COMMITTEE

Sazali Bin Saad - *Chairman*

Tan Sri Datuk Adzmi Bin Abdul Wahab

Dato' Darawati Hussain

Dato' Sri Hj Wan Adnan Bin Wan Mamat

REMUNERATION COMMITTEE

Tan Sri Datuk Adzmi Bin Abdul Wahab
- *Chairman*

Dato' Darawati Hussain

Sazali Bin Saad

Dato' Sri Hj Wan Adnan Bin Wan Mamat

TENDER COMMITTEE

Lee Chin Cheh - *Chairman*

Tan Chin Yen

Ho Wen Yan

EXECUTIVE COMMITTEE

Lee Chin Cheh - *Chairman*

Tan Chin Yen

Ho Wen Yan

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/
SSM PC No. 202208000250)

Thien Lee Mee
(LS0009760/
SSM PC No. 201908002254)

REGISTERED OFFICE

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40150, Shah Alam, Selangor

Tel : (03) 7890 0638

Fax : (03) 7890 1032

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Jalan Pahat L 15/L
Seksyen 15
40200 Shah Alam
Selangor Darul Ehsan
Tel : (03) 5880 4810
Website : www.magnaprima.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(199601006647) (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Tel : (03) 7890 4700
Fax : (03) 7890 4670

AUDITORS

HLB ACC PLT (AF 001977)
Chartered Accountants
No. 18, Jalan 1/64
Off Jalan Kolam Air, Jalan Ipoh
51200 Kuala Lumpur
Tel : (03) 4048 2888

SOLICITORS

Ringo Low & Associates
Ling & Mok
Azwar & Partners
Han Ch'ng & Partners

PRINCIPAL BANKERS

Affin Bank Berhad
Public Bank Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : MAGNA
Stock Code : 7617

PROFILE OF DIRECTORS

TAN SRI DATUK ADZMI BIN ABDUL WAHAB

*Independent Non-Executive Director, Chairman
Chairman of Remuneration Committee
Member of Audit Committee and Nomination Committee*

Tan Sri Datuk Adzmi bin Abdul Wahab, a Malaysian, male, aged 79, was appointed to the Board on 2 May 2006 as Independent Non-Executive Director, Chairman.

Tan Sri Datuk Adzmi, is the Chairman and Director of a number of companies involved in broadband, property development, construction, manufacturing and trading. He is also Advisor to Yasmin Holding Sdn Bhd and Malaysian Franchise Association.

Tan Sri Datuk Adzmi was appointed as the longest serving Managing Director of Edaran Otomobil Nasional Berhad (EON) in November 1992 until May 2005.

During his tenure, EON successfully diversified into a conglomerate with interests in automotive, banking, financial services, insurance, investments, properties and general trading. In 2003, he was conferred the Malaysian CEO of the Year by Amex and Business Times.

Tan Sri Datuk Adzmi holds a Bachelor of Arts (Honours) degree in Economics and a Post Graduate Diploma in Public Administration from the University of Malaya and Master of Business Administration from University of Southern California, USA.

Tan Sri Datuk Adzmi served the Malaysian Administrative and Diplomatic Service in various capacities from 1967 to 1982 in the areas of Central Procurement and Contract Management in the Ministry of Finance; Investment Promotion in the Pahang Tenggara Development Authority, Public Enterprise Management in the Implementation Coordination Unit (Prime Minister's Department) and Regional Planning in the Klang Valley Planning Secretariat (Prime Minister's Department).

He was Manager, Corporate Planning Division from 1982 to 1985 at HICOM Berhad which is involved in the development of heavy industry projects.

He served PROTON from 1985 to 1992 with his last position as Director/Corporate General Manager, Administration and Finance Division.

He sits on the board of Lebtech Berhad as Independent Non-Executive Chairman since December 2007.

Tan Sri Datuk Adzmi has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

TAN CHIN YEN

Executive Director

Tan Chin Yen, a Malaysian, female aged 53, was appointed to the Board of Magna Prima Berhad on 8 March 2021 as an Executive Director.

Tan Chin Yen has over twenty years of experience in financial advisory and consultancy practice. She had held appointments in business development, finance and accounting in several private and public listed companies in Malaysia. She left the corporate environment in 2016 and then she joined as a Chief Operating Officer in a China Listed Property Company based in Malaysia providing construction engineering investment and real estate development. She is currently working as General Manager responsible for property investment and management. She graduated from the Tunghai University of Taiwan with Bachelor of Degree in Finance and Business Administration in 1991.

She does not hold any directorships in any other public companies and listed issuer.

She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

LEE CHIN CHEH

Executive Director

Lee Chin Cheh, a Malaysian male aged 51, was appointed to the Board on 8 March 2021 as an Independent Non-Executive Director. He was then re-designated as an Executive Director on 8 July 2021.

He graduated with Bachelor of Laws (Honours) from the University of Wolverhampton, United Kingdom in July 1994 and subsequently obtained his Certificate of Legal Practice from Malaysia's Legal Profession Qualifying Board in December 1995. He was admitted to the roll of advocate and solicitor of the High Court of Malaya in November 1996.

In 1997, he established Messrs Lee Ong & Partners and took on the position as Managing Partner of the firm, a position which he holds to-date. He has over 25 years of working experience in the legal industry encompassing conveyancing and various areas of corporate and commercial law, advising individuals and corporate entities in Malaysia and Singapore.

He had served as local councillor and was elected as a state assemblyman. He is involved in governmental and non-governmental organisations where he provides legal and business insights. Since 2018, he has been appointed as a Special Task Officer to the Minister of Housing and Local Government to help formulate housing policies and advice on issues affecting local governments. As a legal practitioner he regularly advises non-governmental organisations including but not limited to Malaysia-Guangdong Investment Promotion Council, Petaling Trade and Industry Association, Petaling Jaya Coffee Shop and Restaurant Association and Petaling Hawkers Association.

In June 2016, he was appointed as a Non-Independent Non-Executive Director of OCR Group Berhad and retired on 10 June 2021. In March 2016, he was appointed as a Non-Executive Director of Pan Asia Corporation Limited, Australia, a position he assumes to present date. In August 2020, he was also appointed as a Director of Malaysia Digital Economy Corporation, a position he assumes to present date. In August 2021, he was appointed as an Independent Non-Executive Director of Seni Jaya Corporation Berhad. He is also a director and shareholder of several private limited companies.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

HO WEN YAN

Non-Independent Non-Executive Director

Ho Wen Yan, a Malaysian, male, aged 47, was appointed to the Board of Magna Prima Berhad on 13 February 2017 and was re-designated to Non-Independent and Non-Executive Director on 12 February 2020.

He is an immediate family member to Chew Po Sim, Ho Min Yi, Ho Wen Fan and Ho Wen Han who are major shareholders of the listed company through Prisma Pelangi Sdn Bhd.

He has also been an Executive Director Hua Yang Berhad since 1 June 2007 and was appointed Chief Executive Officer on 20 August 2010.

He has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

CHANG CHEE KOK

Non-Independent Non-Executive Director

Chang Chee Kok, a Malaysian, male, aged 56, was appointed to the Board on 3 March 2016 as a Non-Independent Non-Executive Director.

He is a Civil Engineer by profession and graduated from University Malaya in 1990.

He holds directorships in two private companies involved in building and civil construction works. For the past 30 years, he has extensive experience in the construction and developments industry.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

SAZALI BIN SAAD

*Independent Non-Executive Director
Chairman of Nomination Committee
Member of Audit Committee and Remuneration Committee*

Sazali Bin Saad, a Malaysian, male, aged 49, joined the Board on 2 May 2006 as Independent Non-Executive Director.

He is a lecturer in the College of Business, Universiti Utara Malaysia (UUM) and has been with UUM since 2003.

Sazali holds a Bachelor of Accountancy (Hons) degree from UUM and a Masters in Electronic Commerce from Deakin University, Melbourne. He has also been a member of the Malaysian Institute of Accountant (MIA) since September 2000.

During his years in Australia, he honed his talents and expertise in both the accounting and commercial aspects of managing business – a world to which he is not a total stranger because from 1996-1999, he held the position of Finance Executive, before being promoted to Finance Manager where he was in charge of three companies, i.e., Sistem Era Edar Sdn Bhd, Perkhidmatan Perubatan Homeopati dan Biokimia Sdn Bhd and Homeofarma Sdn Bhd, Jitra, Kedah.

Sazali's exposure to both the academic and the commercial world is an advantage, which he generously shares wherever he serves.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

DATO' DARAWATI HUSSAIN

Independent Non-Executive Director

Chairperson of Audit Committee

Member of Nomination Committee and Remuneration Committee

Dato' Darawati Hussain, a Malaysian, female, aged 52, was appointed to the Board on 27 September 2018 as an Independent Non-Executive Director.

Dato' Darawati Hussain is a Director of Syalin Sdn. Bhd., a family investment office. Formerly with CIMB Group, her last position was as Director, Fund and Co-Investor Relations under the Group Strategy and Strategic Investments Division (CIMB GSSI).

She has over 30 years of experience in corporate finance, asset management and private equity. Dato' Darawati first joined the corporate advisory team of CIMB Group (Malaysia) where she specialised in mergers and acquisitions and capital raising transactions. In 2001, she rejoined CIMB Group to setup and develop the private equity franchise formerly known as CIMB Private Equity and Venture Capital and in particular, driving the initiative to set-up the Shariah-compliant private equity funds. She also spent five years in London where she was a European equities portfolio manager for a US fund management company with asset under management (AUM) worth US\$70 billion.

Dato' Darawati serves as a Non-Independent Non-Executive Director of Mesiniaga Berhad and as Independent Board Member of Malaysia Venture Capital Management Berhad. She is also an independent Director of several of RHB Group's Asset Management and Trustee business subsidiaries, a member of the Audit Oversight Board under the purview of Securities Commission and several private limited companies.

Dato' Darawati was also appointed as a Director of RHB Asset Management Sdn Bhd, RHB Islamic International Asset Management Berhad, Mesiniaga Berhad, RHB Trustee Berhad and Malaysian Trustee Berhad.

She was formerly an Independent Non-Executive Board member for Tanah Makmur Berhad, Asiamet Education Group Berhad, Global Maritime Ventures Berhad and the Investment Committee of BIMB Investment Management Berhad.

Dato' Darawati was a former Chairperson of Malaysia Venture Capital and Private Equity Association (MVCA) and committee member of Malaysia Venture Capital Development Corporation (MVCDC) under SC and remains an active member of MVCA.

She holds a Bachelors' Degree in Economics and Accountancy from Durham University, UK and also Master in Business Administration from London Business School, UK. She is also a Chartered Financial Analyst (CFA).

She has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

DATO' SRI HJ WAN ADNAN BIN WAN MAMAT

Independent Non-Executive Director

Member of Audit Committee, Nomination Committee and Remuneration Committee

Dato' Sri Hj Wan Adnan Bin Wan Mamat, a Malaysian, male, aged 62, was appointed to the Board on 8 July 2021 as Independent Non-Executive Director.

Dato' Sri Wan Adnan began his career as Corporate Manager of Ramada Beach Resort Kuantan from 1986 to 1993 before joining the Pahang Chief Ministers Office as Economic Advisor to the Chief Minister until 1996.

From 1996 to 1999, he was appointed as Vice President of the Kuantan Municipal and was the Political Secretary to the Ministry of Information, Malaysia from 1999 to 2004. During PRU 11, contested and won the P82 seat, Indera Mahkota and subsequently elected as a Member of Parliament for the term 2004 to 2008.

He was appointed as a board member of Inno Biologic Sdn Bhd from 2005 until 2012. During PRU12, he was also appointed as a State Executive Committee (EXCO) member, heading the Pahang State Youth and Sports Committee. Pahang managed to host SUKMA in 2012.

After the PRU13, Dato' Sri Wan Adnan has focused his path in the corporate world. He has been appointed as Chairman for MMN Bina Sdn Bhd, a successful construction company in Pahang until 2015. He was also the chairman to Malaysia

Aviation Training Academy (MATA) which is located in Kuantan. Apart from that, since 2014, he has been one of the directors to Sungei Wang Group, a company based in Kuala Lumpur which involves in property development, among others.

Dato' Sri Wan Adnan was appointed to the Board of KNM Group Berhad, an Oil and Gas company listed in Bursa as its Independent Non-Executive Director from 2014 to 2018. He is involved in property development thru Casa Inspirasi Sdn Bhd, and in Smart City and Energy Industry through Kiwi Group, appointed as the Group Chairman since March 2020. Royale Pahang Durian Group, having a joint venture with Pahang State Agriculture Development Corporation to restructure and develop the Musang King durians industry in Pahang, has also appointed as its subsidiaries' director in November 2020.

He does not hold any directorships in any other public companies and listed issuer.

He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE

Comprise of the 2 directors with executive powers namely Ms Tan Chin Yen and Mr Lee Chin Cheh. The profiles of the Executive Directors are stipulated on pages 4 and 5 respectively.

MANAGEMENT DISCUSSION & ANALYSIS



During the year under review, the ongoing pandemic continued to invade the nation and we have seen multiple movement control orders implemented. As a result there were great and significant uncertainty over business sustainability and stability during the period under review as operation could not be carried out in the normal way. Anyway as part of the ongoing effort, we continue to take measures to scale back on development plans and operations and have resorted to redesign some of our future projects as well as strategic plans to suit current restricted environments.

We would like to welcome Mr Lee Chin Cheh who has been redesignated as Executive Director in July 2021. We believe that with his vast exposure and experience in both the corporate world and governmental bodies will be able to add value to our management team.

OVERVIEW

Magna Prima Berhad was listed on the Main Board of Bursa Malaysia in 1997. The Group has been involved in property development since inception and today we as a market driven developer, we take pride in understanding market needs and tailoring our strategies to suit demand.

Since January 2020, the Covid 19 pandemic posed significant unforeseen challenges to the global economy. The repeated change of Government in February 2020 and August 2021 also further caused some uncertainties domestically.

We continue to implement a cautious business approach, shielding the Group from the many challenges which it is facing since 2020. The Group's cash flow improved slightly on the successful placement of 20% of the Company's paid up share capital during the year. With the improved cash flow, the Group managed to reschedule some of its payment obligations under various loan facilities and one significant result was the upliftment of receivership for its subsidiary, Magna Ecocity Sdn Bhd. However, cash flow remains the priority especially as profit margins are narrowed due to lower revenue resulted from the limitations contributed largely by the movement control orders put in place by the government.

For the year under review and up to August 2021, we continued to focus on clearing the current inventory to further improve the Group's cashflow position. Thus, during the year under review, the main focus has been to monetize of inventory in our completed projects.

MANAGEMENT DISCUSSION & ANALYSIS

The overall market environment in financial year 2021 remains weak largely attributed by various factors including the tight measures taken by financial institutions for lending to homebuyers, inflationary pressures and uncertainty in job security, factors which contributed to cautious consumer spending. Due to the weak market environment, we have been cautious in new launches.

During the year under review, we have also engaged a financial advisory outfit to look into the possibility of bundling the Group's assets for the purpose of a bond issuance against the potential cash flow to be generated from the proposed development in Lot PT 12 Shah Alam, whilst simultaneously engaging in discussion and negotiation with a few parties to look into the proposed disposal or joint venture of our lands in Shah Alam.

We are confident that the proposed joint venture for the Group's land in Shah Alam will be materialised in 2022 wherein positive cash flow will be generated.

FISCAL PERFORMANCE

The first quarter of 2021 was definitely a challenging period for the country with the COVID-19 pandemic which started since 1st Quarter of year 2020 affecting us and the rest of the world.

On 11 January 2021, the Prime Minister has declared the implementation of Movement Control Order ('MCO'), Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") which took effect on 13 January 2021. During the MCO, the Group's operations were halted in compliance with the MCO. However, the Group had gradually resume operations during the early stages of the CMCO.

For the 12 months ended 31 December 2021 ("FY21"), MPB and its subsidiary companies ("the Group") achieved a revenue of RM6.2 million, a decrease of 67% from the previous year's corresponding amount of RM18.7 million and profit before tax of RM1.0 million compared to RM133.7 million recorded in the previous corresponding period ended 31 December 2020.



REVIEW OF OPERATIONS

Boulevard Business Park @ Jalan Kuching, Kuala Lumpur

The Group has entered into a Sale and Purchase Agreement for the disposal of the shopping complex to a third party at arm's length transaction for a total cash consideration of RM56,000,000 in April 2021. The Disposal of four (4) story commercial building with a lower ground commercial area designated for supermarket together with 345 car park bays has been completed on 16 February 2022.

The View Residence, Shah Alam

This project is located at Seksyen 13, Shah Alam, adjacent to the Kelab Golf Sultan Abdul Aziz Shah and measuring approximately 5.25 acres. It comprises three blocks of 15 storey apartments and 5 units of shops and will be supported by approximately 819 parking bays.

The layout for The View Residence complements mid-sized family's lifestyle and accommodates gatherings of friends and family with comfort and poise.

Strategic location and innovative integrated lifestyle development concept will provide value in terms of accumulative yield and capital appreciation.

The proposed relaunch of the project was put on hold due to the soft challenging market environments. The Group will look into the possibility of a launch in 2022 and will consider for a disposal if the Group receives an appropriate offer.

Magna Ecocity Shah Alam, Selangor

This parcel of land is held under Magna Ecocity Sdn Bhd, a subsidiary of Magna Prima Berhad. The proposed project is located at Seksyen 15, Shah Alam and spread over approximately 20 acres.

The intended launch of the project in 2021 was put on hold due to the challenging market condition arising from the pandemic.

However, on 20 April 2022, Magna Ecocity Sdn. Bhd entered into a Joint Venture Agreement ("JVA") with OCR Avenue Sdn. Bhd. ("OCR Avenue") to fund and undertake the development. Pursuant to the JVA, OCR Avenue has discretion in the planning, construction, project management and sale of the entire development project. In return, MESB is entitled to a total sum of RM160,000,000 ("Minimum Entitlement"), and the differential sum between 30% of the development profit and the Minimum Entitlement of RM160,000,000, if any.

Jalan Ampang Land

The proposed project invites high capital investment. The management is of the opinion that any proposed development on this land be conducted after conducting thorough analysis and feasibility study to ensure that the components in the proposed developments corresponds to the demand in the area.

Plans to commence development works on the land was put on hold due to the challenging market condition caused by the pandemic. The components to be included in the proposed development is made difficult as there has been excess office space and service apartments as well as hotels in the area.

However, as this parcel of land is located in the prime area of Kuala Lumpur City Center, there are many options for the Management to consider. We are undertaking studies on the right product mix and further reviewing the Group's capacities to meet its obligations upon commencement of the proposed development.



MANAGEMENT DISCUSSION & ANALYSIS

Proposed Jalan Gasing Development, Petaling Jaya

Since last year, there is not much development on this project as the Group is still working closely with Majlis Bandaraya Petaling Jaya on the rezoning of this 6.95 acres parcel of land with the aim of changing the classification from residential to commercial. We have submitted our application for the proposed rezoning and is presently awaiting feedback from the authorities.

Kepong 2D, Kuala Lumpur

During the year under review, we have applied to make payment for the development charge for the proposed development for 266 units of service apartments in this final phase of Metro Prima project. DBKL has indicated that they are waiting for the gazette of the new Kuala Lumpur Structure Plan 2040 before accepting payment for the development charge, and has thus hindered the timely launch of the proposed development.

We have made an appeal to the DBKL on the process and is now awaiting for its feedback.

OPERATING ENVIRONMENT:

Opportunity and Risk

The year ended 2021 was very challenging for the Group. It has waded through rough waters. Strings of litigation cases were either resolved or given up and the year ended 2021 saw the winding up of one of our subsidiary, Magna City Development Sdn Bhd.

The Group is now operating on a lean structure. The top priority of the Management is to continue to pare down the Group's borrowings by monetising some of its land banks. It expects to fully resolve the Group's cash flow issues in year 2022 and at the same time reset the whole activities of the Group gradually.

With the end of the pandemic in sight, we will be able to work towards creating value on the Group's attractive land banks.

The Board would also like to extend appreciation to the loyal shareholders, purchasers, business associates and the various Government authorities for their continued trust and confidence in Magna Prima Berhad.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Magna Prima Berhad (“Magna Prima” or “the Company”) recognises the importance of good corporate governance and fully supports the principles and best practices promulgated in the Malaysian Code on Corporate Governance (“MCCG”) to enhance business prosperity and maximize shareholders’ value. The Board will continuously evaluate the Group’s corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company.

Below is an overview statement and description in general on how the Group has applied the principles and complied with the best practice provisions as laid out in MCCG throughout the financial year ended 31 December 2021 (“FYE 2021”) pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and its is to be read together with the Corporate Governance Report of the Company which is available at the Company’s website at www.magnaprima.com.my

1. BOARD OF DIRECTORS

The Board

The Group is led and controlled by an experienced Board, comprising members from diverse professional background, having expertise and experience, skills and knowledge in fields such as technical, financial, corporate, legal and management skills.

The Board is primarily responsible for the Group’s overall strategic plans for business performance, appraisal of major business proposals, overseeing the proper conduct of business, succession planning, risk management, investor relations programmes, internal control and management information systems. The Board approves key matters such as approval of annual and quarterly results, acquisitions and disposals, capital expenditures, budgets, material contracts and business engagements.

The Board acknowledges the importance of readiness of talent pool for succession planning.

The succession plan was approved by the Board to ensure smooth transition of management and continued success of the Group whenever there is a necessary change in management.

The Board ensures that the Group is managed with integrity, transparency and accountability; while the Management is accountable for the execution of the expressed policies and attainment of the Group corporate objectives.

The Independent Non-Executive Directors bring independent judgment and provide constructive views on issues of strategy, business performance, resources and standards of conduct.

Notwithstanding that the Board Committees are delegated with certain responsibilities, the Chairman of the Board committees report to the Board and minutes of committee meetings are tabled to the Board to keep the Board apprised of matters being considered and deliberated by the respective committee.

The current composition of the Board and Board Committees are as follows:

	Board	Audit Committee (“AC”)	Nomination Committee (“NC”)	Remuneration Committee (“RC”)
Tan Sri Datuk Adzmi bin Abdul Wahab (Independent Non-Executive Chairman)	√ (chairman)	√	√	√ (chairman)
Lee Chin Cheh (Executive Director) *	√			
Tan Chin Yen (Executive Director)#	√			
Ho Wen Yan (Non-Independent Non-Executive Director)	√			
Chang Chee Kok (Non-Independent Non-Executive Director)	√			
Sazali bin Saad (Independent Non-Executive Director)	√	√	√ (Chairman)	√

MAGNA PRIMA BERHAD
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

1. BOARD OF DIRECTORS (CONTINUED)

The Board (Continued)

	Board	Audit Committee ("AC")	Nomination Committee ("NC")	Remuneration Committee ("RC")
Dato' Darawati Hussain (Independent Non-Executive Director)	√	√ (Chairperson)	√	√
Dato' Sri Hj Wan Adnan Bin Wan Mamat (Independent Non-Executive Director)**	√	√	√	√
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil^	√			

* Appointed as Independent Non-Executive Director on 8 March 2021 and subsequently re-designated as Executive Director on 8 July 2021

Appointed as Executive Director on 8 March 2021

** Appointed as Independent Non-Executive Director on 8 July 2021

^ Resigned as Group Managing Director on 15 July 2021

The roles of the Independent Non-Executive Directors, Non-Independent Non-Executive Directors, the Chairman and the Executive Directors are distinct and separate to ensure there is a balance of power and authority. The Independent Non-Executive Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board.

The Executive Directors are responsible for day-to-day operation and management of the business and implementation of the Board's policies and decisions. The Executive Directors will ensure the strategic goals are duly executed and operated effectively within the Group. The Executive Directors will explain, clarify and inform the Board on key matters pertaining to the Group. All Directors are jointly responsible for determining the Group's strategic business direction.

The Board consists of eight (8) members comprising four (4) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Executive Directors. The composition of the Board reflects a balance of Executive and Non-Executive Directors to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented in all business strategies formulation and adoption.

The qualification and experience of the Directors are set out in the Directors' Profiles set out in this Annual Report 2021. The Board is satisfied with its current composition which comprises a balanced mix of operational skills of the Executive Directors with the professional expertise of the Non-Executive Directors.

Board Charter

In discharging its duties, the Board of Directors of Magna Prima is constantly mindful of the need to safeguard the interests of the Group's shareholders, customers and all other stakeholders. In order to facilitate the effective discharge of its duties, Magna Prima Group has to ensure that it manages the business and affairs of the Company in conformity with the laws and regulations of the jurisdictions in which it operates.

The Directors of Magna Prima regard Corporate Governance as vitally important to the success of Magna Prima's business and are committed to apply the relevant principles to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders:

- To enable the Board of Directors to provide strategic guidance and effective oversight of management; and
- To clarify the roles and responsibilities of Board members in order to facilitate the Board's accountability to the Company and its shareholders.

The Board is ultimately accountable and responsible for the performance and affairs of the Company. Thus, the Board is the focus point of the Company's Corporate Governance.

All Board members are expected to act in a professional manner, upholding the value of integrity with regard to their fiduciary duties and responsibilities.

MAGNA PRIMA BERHAD
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

1. BOARD OF DIRECTORS (CONTINUED)

Board Charter (Continued)

This Board Charter shall constitute and form an integral part of each Director's duties and responsibilities.

a. Objectives

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

b. Components of the Board Charter

The three main components of the Board Charter are:-

- The Corporate Statement;
- The Directors' Duties; and
- The Board Committees.

(i) The Corporate Statement

Corporate Statement defines the objectives of the Company and the services offered to our customers. The Corporate Statement is a pledge of quality solutions to suit our customers' expectations.

(ii) The Directors' Duties

The fiduciary duties imposed on the Directors as stipulated in Section 213 (1) of the Companies Act 2016 are to protect the interests of the Company and at the same time to advance the interest of its stakeholders.

(iv) The Board Committees

The Board of the Company has established five Committees of the Board which operate within its own specific terms of reference. The Board Committees undertakes in-depth deliberation of the issues at hand before tabling its recommendations thereon to the Board. The five (5) Board Committees are as follows:-

- a. AC;
- b. NC;
- c. RC;
- d. Tender Committee; and
- e. Executive Committee (EXCO).

The Board Charter is reviewed periodically to ensure its reliability with the Board's objectives, current laws and practices. The full Board Charter is available online at www.magnaprima.com.my

Re-election of Directors

In accordance with the Constitution of the Company provide that the Directors to retire in every year shall be those, who subject to retirement by rotation, have been the longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. An election of director shall take place every year. All Directors shall retire from office once at least in every three (3) years, but shall be eligible for re-election.

Pursuant to Clause 105 of the Company's Constitution, Tan Sri Datuk Adzmi bin Abdul Wahab, Sazali bin Saad and Dato' Darawati Hussain will retire by rotation at the Twenty-Seventh ("27th") Annual General Meeting of the Company and being eligible, have offered themselves for re-election at the forthcoming 27th AGM of the Company.

Dato' Sri Hj Wan Adnan Bin Wan Mamat was appointed on 8 July 2021 as an Independent Non-Executive Director of the Company. He will retire pursuant to Clause 109 of the Company's Constitution at the forthcoming 27th AGM of the Company and being eligible, has offered himself for re-election at the forthcoming 27th AGM of the Company.

The NC and the Board are satisfied that the Directors, who are required to stand for re-election at the forthcoming 27th AGM, continue to demonstrate the necessary commitment to be fully effective members of the Board and Board Committees.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

1. BOARD OF DIRECTORS (CONTINUED)

Code of conduct

The Company has formalized a code of conduct to actively promote and established a corporate culture which promotes ethical conduct that permeates through the Group. The code of conduct serves as a road map to help guide actions and behavior while working for and / or dealing with the Company to maintain high standards of business ethics and encourage performance with integrity. Provisions covered include relationships between staff and management.

All employees are required to read, understand, accept and abide by the terms of code of conduct. The full code of conduct is available online at www.magnaprima.com.my

Whistleblowing Policy

The Board has established a Whistleblowing Policy. This will provide an avenue for the staff to raise concerns related to possible improprieties in matters of compliance and other malpractices in an appropriate manner and without fear of retaliation.

The Whistleblowing Policy is aimed at protecting integrity, transparency, impartiality and accountability where the Group conducts its business operations.

The Policy serves as an early warning system for the Group to remedy any wrongdoings before serious damage is caused.

“Whistleblowing” is defined as the deliberate, voluntary disclosure or reporting of an individual or organizational malpractice by any person, who has access to information on an actual, past or present or suspected improper conduct within the Group or organization based on his or her reasonable belief.

The person who reports the serious concerns of improper conduct is referred to as “Whistleblower.” The full whistleblowing policy is available online at www.magnaprima.com.my

Anti-Bribery and Anti-Corruption Policy

The Board has implemented an Anti-Bribery and Anti-Corruption Policy which sets out the responsibilities of Magna Prima and those individuals acting on its behalf and they are not permitted to pay, offer, accept or receive bribe in any form. The Anti-Bribery policy is available online at www.magnaprima.com.my

Board Meetings

The Board meets at least once every quarter and additional meetings are convened as and when necessary. Meetings are scheduled at the start of each financial year to enable Board members to plan their schedules accordingly. Senior Management is invited to attend the Board meetings as and when necessary, to brief the Board on proposals submitted for the Board’s consideration. All proceedings of the Board Meetings are duly minuted and signed by the Chairman of the Meeting. Any director who has a direct or indirect interest in the subject matter to be discussed during Board meetings will declare his or her interest and abstain from the decision-making process.

The Board met a total of six (6) times during the year ended 31 December 2021 and the details of each Director’s attendance are given below:

	Total meetings attended
Tan Sri Datuk Adzmi bin Abdul Wahab	6/6
Lee Chin Cheh (<i>appointed on 8 March 2021</i>)	5/5
Tan Chin Yen (<i>appointed on 8 March 2021</i>)	5/5
Sazali bin Saad	6/6
Dato’ Darawati Hussain	6/6
Chang Chee Kok	6/6
Ho Wen Yan	6/6
Dato’ Sri Hj Wan Adnan Bin Wan Mamat (<i>appointed on 8 July 2021</i>)	2/2
Datuk Seri Rahadian Mahmud Bin Mohammad Khalil (<i>resigned on 15 July 2021</i>)	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1. BOARD OF DIRECTORS (CONTINUED)

Board Meetings (Continued)

All the Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated by the MMLR of Bursa Securities.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at the Board meetings.

The Directors must advise the Board and the Company Secretaries of his appointment as director in other public listed company outside the Group. The Company Secretaries will monitor the number of directorships and the changes, if any, of each Director.

The Directors of the Company shall not hold more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

The Non-Executive Directors are participative and work between meetings in order to get to know the business, understand the issues and build relationships with Management and shareholders.

Supply of Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affairs including inter alia, financial results, annual budgets, business reviews against business plans and progress reports on the Group's developments and business strategies, to enable them to discharge their duties effectively. The agenda and board papers are circulated to the Board members prior to the Board meetings to allow sufficient time for the Directors to review, consider and deliberate knowledgeably on the issues and, where necessary, to obtain further information and explanations to facilitate informed decision making.

In addition there is a schedule of matters reserved specifically for the Board's decision which includes the approval of budgets, material acquisitions and disposals of assets, major capital projects, financial results, dividend recommendations and Board appointments.

The Board Report contains relevant information on the business of the meeting, which may include among others: -

- Performance of the Group
- Operational matters
- Business development issues and market responses
- Capital expenditure proposals
- Acquisitions and disposals proposals
- Appointment of senior executives
- Dividend recommendations

Senior Management Officers and external advisers may be invited to attend Board Meetings when necessary, to furnish the Board with explanations and comments on the relevant agenda items tabled at the Board Meetings or to provide clarification on issue(s) that may be raised by any Director.

The Chairperson of the Audit Committee would brief the Board on matters deliberated by the Audit Committee which require the attention of the Board.

The Directors have full and timely access to all information within the Company, whether as a full Board or in their individual capacity, in the furtherance of their duties.

In addition, the Board has ready and unrestricted access to all information within the Company and Group as well as the advice and services of Senior Management and Company Secretaries in carrying out their duties.

The Board is supported by qualified and competent Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and Licensed Secretary ("LS"). The Company Secretaries provides advice and assists the Board and Committees in achieving good corporate governance by ensuring compliance to statutory laws, legislation, regulatory requirements, MMLR and other relevant rules and regulations.

2. STRENGTHEN COMPOSITION

Appointment to the Board

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the NC. As a whole, the Company maintains an adequate number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the NC. The NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The NC will help assesses and recommends to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In identifying of suitable new candidates, the NC will not solely rely on recommendations from existing Board members, Management or Major Shareholders, but will consider of utilising independent sources.

The following Directors was appointed during FYE 2021:

- a) Ms Tan Chin Yen was appointed as Executive Director on 8 March 2021;
- b) Mr Lee Chin Cheh was appointed as Independent Non-Executive Director on 8 March 2021 and subsequently re-designated to Executive Director on 8 July 2021.; and
- c) Dato' Sri Hj Wan Adnan Bin Wan Mamat was appointed as Independent Non-Executive Director on 8 July 2021.

AC

The Board is also assisted by the AC whose members, key function and activities for the year under review are set out in the AC Report disclosed in the Annual Report 2021.

NC

The Board has established a NC, which has the primary responsibility to assess the suitability of candidates for nomination to the Board and to recommend such appointments and evaluation of the performance of Directors. The objective is to ensure independent assessment of appointments to the Board.

The members, key function and activities of the NC for the year under review are set out in the NC Report disclosed in the Annual Report 2021.

Gender Diversity Policy

The Board is presently of the view that there is no necessity yet to fix a specific gender diversity policy as the Board has two (2) female Directors namely Dato' Darawati Hussain and Ms. Tan Chin Yen which in line towards achieving country's aspirational target of achieving 30% representation of women on boards. The appointment of any Director(s) should be based on their merit, qualification and working and the Board is supported of gender equality.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

The appointments of Board members and Senior Management are made based on merit, in the context of diversity in skills, experience, age, background, gender, ethnicity and other factors which is in the best interests of the Group.

2. STRENGTHEN COMPOSITION (CONTINUED)

Sustainability

The Board views that the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its stakeholders and the communities in which it operates, that also includes improving the welfare of its employees.

The Board also through the NC assesses the training programmes attended by each Director during the financial year 2021 to ensure that the Directors had and will continue to constantly keep them abreast on the relevant requirements and matters concerning the sustainability, including the latest development in industry as well as the sustainability issues relevant to the Group.

The details of its sustainability activities are set out in the Sustainability Statement on page 25 to 29 of this Annual Report.

3. DIRECTORS' REMUNERATION

The Remuneration Committee reviews and recommends to the Board the remuneration package of the Executive Directors and Senior Management of the Group with designation General Manager (or equivalent) and above with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully.

The objective of the Company's policy on Directors' remuneration is to ensure that remuneration of directors are reflective of the Group's demands, complexities and performance as a whole, as well as being able to attract and retain Directors of the right calibre and talent to drive the Company's long-term objectives.

The Remuneration Committee has four (4) members comprising exclusively Independent Non-Executive Directors. The present composition is as follows:-

Chairman	:	Tan Sri Datuk Adzmi Bin Abdul Wahad (Independent Non-Executive Director, Chairman)
Member	:	Sazali Bin Saad (Independent Non-Executive Director)
		Dato' Darawati Hussain (Independent Non-Executive Director)
		Dato' Sri Hj Wan Adnan Bin Wan Mamat (Independent Non-Executive Director) *

* Appointed as Director on 8 July 2021

During the financial year ended 31 December 2021, two (2) meetings were held. The full Terms of Reference of Remuneration Committee is available online at www.magnaprima.com.my

The remuneration of the Executive Directors and the Senior Management of the Group with designation General Manager (or equivalent) and above are to be structured so as to link rewards to Group and individual performance with the main aim of providing the level of remuneration sufficient to attract and retain key personnel needed to run the Group successfully. For Non-Executive Directors, the level of fees shall reflect the experience, expertise and level of responsibilities undertaken.

The Directors' fees are approved at the annual general meeting by shareholders.

The Executive Director's remuneration comprising basic salary and bonus which are reflective of the experience, expertise, level of responsibilities and performance. Benefits in kind such as company car are made available as appropriate.

However, the coronavirus recession is an economic recession happening across the world economy in 2020 due to the Covid 19 pandemic. The partial lockdown known as the Movement Control Order (MCO) in Malaysia, has affected the country's economy and the property development sector has been badly hit by it.

The MCO has resulted to a decrease in the number of home seekers. The documentation and payment processes have also been halted as financial institutions scaled down their operations during that period.

Moreover, developers and builders are unlikely to meet their completion deadlines as supply chains have been interrupted. Magna Prima Group of Companies is not spared from the above and since then, the Group has made great efforts in cost cutting exercises in all possible areas to keep the Group afloat.

During the financial year 2021, Remuneration Committee reviewed and deliberated on the salary and remuneration package for Directors and senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3. DIRECTORS' REMUNERATION (CONTINUED)

Details of the Directors' remuneration for each Director during the financial year 2021 are as follows:-

Name	Salaries (RM)	Bonus (RM)	Director's Fees (RM)	Meeting Allowance (RM)	Estimated money value of benefits -in-kind (RM)	Total (RM)
Datuk Seri Rahadian Mahmud bin Mohammad Khalil <i>(Resigned on 15 July 2021)</i>	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Lee Chin Cheh <i>(appointed on 8 March 2021)</i>	0	N/A	N/A	N/A	N/A	0
Ms. Tan Chin Yen <i>(Appointed on 8 March 2021)</i>	0	N/A	N/A	N/A	N/A	0
Mr. Ho Wen Yan	N/A	N/A	0	0	N/A	0
Tan Sri Datuk Adzmi bin Abdul Wahab	N/A	N/A	0	0	-	0
En. Sazali bin Saad	N/A	N/A	0	0	N/A	0
Mr. Chang Chee Kok	N/A	N/A	0	0	N/A	0
Dato' Darawati Hussain	N/A	N/A	0	0	N/A	0
Dato' Sri Hj Wan Adnan Bin Wan Mamat <i>(Appointed on 8 July 2021)</i>	N/A	N/A	0	0	N/A	0
Total	0	N/A	0	0	0	0

SUBSIDIARY COMPANIES

Details of the Directors' remuneration for each Director during the financial year 2021 are as follows:-

	Sahrom bin Abdul Latif	Muhammad Izzat Zulfeka bin Mohd Mokhlas	Total
MPrima (Shah Alam) Sdn Bhd	RM3,600.00	RM3,600.00	RM7,200.00
Magna Mix Sdn Bhd	RM3,600.00	RM3,600.00	RM7,200.00
Embassy Court Sdn Bhd	RM3,600.00	RM3,600.00	RM7,200.00
Magna City Development Sdn Bhd	RM3,600.00	RM3,600.00	RM7,200.00
Magna Prima Construction Sdn Bhd	-	RM3,600.00	RM3,600.00
Ibsul Development (Sel) Sdn Bhd	-	RM3,600.00	RM3,600.00
Magna Park Sdn Bhd	RM3,600.00	-	RM3,600.00
Total	RM18,000.00	RM21,600.00	RM39,600.00

Range of Remuneration	Number of Directors Executive	Number of Directors Non-Executive
Up to RM50,000		
RM50,000.00 - RM100,000.00	-	-
RM100,001.00 - RM150,000.00	-	-
RM150,001.00 - RM200,000.00	-	-
RM200,001.00 - RM250,000.00	-	-
RM250,001.00 - RM300,000.00	-	-
RM300,001.00 - RM350,000.00	-	-
RM350,001.00 - RM400,000.00	-	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

4. REINFORCE INDEPENDENCE

Annual assessment of the Directors, Board as a whole and Board Committees

The NC is required to assess the Board's effectiveness in terms of its composition, roles and responsibilities, and whether the Board Committees have discharged their functions and duties in accordance with the terms of reference. The NC assesses on annual basis the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision making.

All assessments and evaluations carried out by the NC in discharging its functions have been well documented. The Board has, through the NC, conducted the following annual assessments in the FYE 2021:-

- a) Directors' self-assessment;
- b) Evaluation on the effectiveness of the Board as a whole and Board Committees;
- c) Assessment of Independent Directors; and
- d) Review of the term of office and performance of Audit Committee and each of its members.

The annual assessment of individual Directors, Board as a whole and Board Committees which commences with the completion of a set of self-assessment form detailing all assessment criteria to be completed by all Directors for evaluation by the NC. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the goals of the Company, time commitment, and active participation on the Board.

Based on the assessments conducted for the FYE 2021, the NC was satisfied with the performance of the Board as a whole, the Board Committees and each individual Director.

Tenure of Independent Director

The Board is mindful that the recommendation in the MCGG, the tenure of an independent director does not exceed a cumulative term limit of nine (9) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval through a two-tier voting process.

The tenure of an Independent Non-Executive Director shall not exceed a cumulative term of nine (9) years in accordance with the MCGG. However, upon completion of the nine (9) years, the Independent Non- Executive Director may continue to serve on the Board subject to the Director being re-designated as a Non-Independent Non-Executive Director. The Board will justify and seek shareholders' approval through a two-tier voting process at the Annual General Meeting ("AGM") in the event the Board retains such Director as an Independent Non-Executive Director.

Tan Sri Datuk Adzmi Bin Abdul Wahab and En. Sazali Bin Saad have been the Independent Non-Executive Directors since 2 May 2006 for a cumulative term of more than twelve (12) years. Their tenure of service is set out in the Directors' Profile of this Annual Report.

Both the Nomination Committee and the Board have assessed the independence of Tan Sri Datuk Adzmi bin Abdul Wahab and En. Sazali Bin Saad and are satisfied with their skills, contribution and independent judgements. Besides, Tan Sri Datuk Adzmi bin Abdul Wahab and En. Sazali Bin Saad remained objective and independent in expressing their views and in participating in deliberation and decision making of the Board and Board Committees. Their length of services on the Board does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company, based on the following justifications:-

- a) They have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and thus, they are able to provide a check and balance and bring an element of objectivity to the Board;
- b) They have vast experience in a diverse range of businesses and therefore would be able to provide a constructive opinion, they exercise independent judgement and have the ability to act in the best interest of the Company;
- c) They have devoted sufficient time and attention to his professional obligations for informed and balanced decision making;
- d) They have continued to exercise his independence and due care during his tenure as an Independent NonExecutive Director of the Company and carried out their professional duties in the best interest of the Company and shareholders; and
- e) They have shown great integrity of independence and had not entered into any related party transaction with the Company.

The Company will be seeking its shareholders' approval at this forthcoming 27th AGM to retain Tan Sri Datuk Adzmi bin Abdul Wahab and En. Sazali Bin Saad as independent directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

5. FOSTER COMMITMENT

Directors' Training

All Directors had attended the Directors' Mandatory Accreditation Programme organised by the Bursa Securities. All Directors are encouraged to attend talks, training programmes and seminars to update themselves on new developments in the business environment during the year ended 31 December 2021.

The training programmes, seminars and workshops attended by the Directors and Senior Management during the financial year were, inter alia, on areas relating to corporate governance, and to further broaden their perspective, skills, knowledge and to keep abreast of the relevant changes in law, regulations and the business environment. The corporate secretariat function facilitates the organization of Directors' attendance at external programmes while keeping a record of the training received or attended by the Directors.

During the financial year 2021, the Directors attended various training programmes covering areas relevant to their duties and responsibilities, which included the following:-

No.	Seminars / Conferences / Training Programmes Attended	Attendee(s)
1.	Virtual Talk entitled "Risk, Strategy and Governance - How Integrated Thinking Can Support Boards in Creating Long-Term Value"	Sazali Bin Saad
2.	Pengurusan Harta Inteltek ICC	
3.	A Sharing Session with CIMA:A-Star and finance leadership program	
4.	Big Data and Its Applications For Accountants	
5.	Towards A Comprehensive System of Corporate Reporting: Communication of Long-Term Value Creation	
6.	In House Training on "Section 17A and Adequate Procedures" by MACC	Dato' Darawati Hussain
7.	Mentors Preparation: ASB & 30% Club Speed Mentoring	
8.	WEBINAR "Ask Ata Special - In Conjunction with International Women's Day"	
9.	Healthcare Summit 2021	
10.	In House Training Briefing on MFRS17: Insurance Contract	
11.	KPMG's Asia-Pacific Board Leadership Centre Webinar "Board and Audit Committee Priorities 2021".	
12.	In House Training Briefing on Defending Your Company & Keeping Up to Date With Key Cybersecurity Risks	
13.	Career and Trading Opportunities in Derivatives Market	
14.	Invitation from BNM and SC Malaysia to participate in the JC3 Flagship Conference: #FinanceForChange	
15.	The Future of Insurance: From Revolution to Evolution	
16.	Member's Day #2/2021: ESG	
17.	Director Networking: What Corporate Boards Can Learn from Boeings Mistakes?	
18.	Climate Change, Reporting and Sustainability Trends: The Inter-links Towards Addressing Sustainable Development Goals and Climate Change	
19.	Digital Transformation in Islamic Finance Towards Shariah Compliance	
20.	Islamic Capital Market Summit 2021 (ICMS2021)	
21.	The Skills of the Future (Entrepreneurship)	

Saved as disclosed above, others Directors of the Company were not able to select suitable training programmes to attend during the financial year due to the Movement Control Order ("MCO") of the COVID-19 diseases and their occupied working schedule. However, they have constantly been updated relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

5. FOSTER COMMITMENT (CONTINUED)

Directors' Training (Continued)

Updates on companies and securities legislations, and other relevant rules and regulations, such as amendments and updates to the MMLR of the Bursa Securities, MCCG, Capital Markets & Services Act, 2007, was provided to the Board, together with the Board papers, in order to acquaint them with the latest developments in these areas.

The Directors will continue to undertake other relevant programmes to further enhance their skills and knowledge.

6. UPHOLD INTERGRITY IN FINANCIAL REPORTING

Financial Reporting

In its financial reporting via quarterly announcements of results, annual financial statements and annual report presentations (including the Chairman's Statement and Review of Operations), the Board provides a comprehensive assessment of the Group's performance and prospects for the benefit of shareholders, investors and interested parties. The Audit Committee also assists the Board by scrutinizing the information to be disclosed, to ensure accuracy and adequacy.

Magna Prima announced its quarterly and full year results within the stipulated time frame. The financial statements are publicly released through BURSALINK on a timely basis to ensure effective distribution of information concerning the Group.

Directors' Responsibility in Financial Reporting

The Board is responsible for the preparation of the annual financial statements of the Group and to ensure that the financial statements give a true and fair view of the state of affairs of the Group and its result and cash flow for the financial year.

The Board of Directors has ensured that the financial statements have been prepared in accordance with applicable approved accounting standards in Malaysia, the requirements of the Companies Act 2016 and other regulatory provisions. In preparing the financial statements, the Board has ascertained that reasonable prudent judgment and estimates have been consistently applied and the accounting policies adopted have been complied with.

The Directors have a general responsibility of taking reasonable steps to safeguard the assets of the Group and to prevent and detect any irregularities.

Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The Audit Committee also met the external auditors twice in financial year 2021 without the presence of the Management.

7. RECOGNISE AND MANAGE RISKS

Statement on Risk Management and Internal Control

The Board acknowledged its responsibility for maintaining a sound system of internal control which provides reasonable assurance in ensuring the effectiveness and efficiency of the Group's operations and to safeguard shareholders' investment and its assets and interests in compliance with the relevant law and regulations as well as the Group's internal financial administration procedures and guidelines.

The Statement on Risk Management and Internal Control furnished on page 30 of this Annual Report provides an overview on the state of internal controls and level of risks and the effectiveness of risks mitigation plans within the Magna Prima Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

7. RECOGNISE AND MANAGE RISKS (CONTINUED)**Internal Control**

The Board has the overall responsibility of maintaining a system of internal control that provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal procedures and guidelines. The effectiveness of the system of internal control of the Group was reviewed periodically by the Audit Committee. The review covers the financial, operational as well as compliance controls.

8. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Major corporate developments and happenings in the Company have always been promptly announced to all shareholders, in line with Bursa Securities' objective of ensuring transparency and good corporate governance practice.

The financial performance of the Group, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly performance, annual report and corporate announcements to Bursa Securities. During General Meetings, shareholders are encouraged to participate to enquire and comment on the Company's performance and operations and voting on the resolutions were done by way of poll.

During press conference which was usually held after general meetings where Executive Directors would advise the shareholders on the resolutions approved by the shareholders and briefed the shareholders on the operations, performance and financial results of the Group for the year under review and clarify issues and answer questions posed by the shareholders.

AGM

The AGM is the principal platform of communication with shareholders of the Company. The Annual Report together with the Notice of AGM is sent to registered shareholders within the prescribed period as allowed the Company's Constitution and the MMLR as the case may be.

At the AGM, the Chairman briefed members, corporate representatives and proxies who were present of their right to speak and vote on the resolutions set out in the Notice of AGM.

In accordance with the MMLR, resolutions set out in the notice of AGM or in any notice of general meeting are voted by poll.

The Board encourages shareholders' participation during question-and-answer sessions at the AGM and provides sufficient opportunity for shareholders to communicate their concerns. The external auditors are invited to the meeting to provide their professional and independent view to shareholders, if required.

COMPLIANCE STATEMENT

The Board is committed to achieve a high standard of Corporate Governance throughout the organisation and would endeavour to apply the recommendations of the MCCG. The Board of Magna Prima has approved this Statement on 23 April 2022.

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SUSTAINABILITY STATEMENTS

In line with the Main Market Listing Requirement on sustainability reporting issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”), we are pleased to present Magna Prima Berhad (“MPB or the Group”) sustainability statement for financial year ended 2021. It covers aspects of the Group’s economic, environmental and social performance and aspects of governance that reflect our commitment to sustainability.

In recent years, corporations have become more aware of their responsibilities towards business sustainability and have put greater emphasis in balancing economic viability with preservation of the environment and social responsibilities.

Our principles on sustainable development are ingrained in the policies and procedures of the various business divisions within the Group, namely Property Development, Construction and Trading. We actively and continuously review and improve our policies and procedures integrating our principles in all of our operations. In gearing up towards a stronger and more comprehensive sustainability approach, we have developed a sustainability commitment.

Sustainable development recognises that the three critical pillars mainly economy, environment and society are interconnected.

The basic principles of sustainability focus on the following:-

- Achieving a strong, stable and suitable business
- Respecting the environment and resources
- Responsive employee retention plus engagement strategies and community engagement

The disclosures in this statement are based on the Global Reporting Initiative (GRI) G4 reporting guidelines, an international framework for sustainability reporting recommended by Bursa Malaysia.

We believe that sustainability starts with our corporate culture, which is best defined by our core values of sustainable, affordable and agility, motivated and excellence.

To achieve sustainability we worked towards exploring opportunities to reduce risk, generate revenue and optimize cost.

We also strive to integrate aspects of economic, environmental and social sustainability into our operations.

GOVERNANCE AND SUSTAINABILITY

We recognize the importance of setting the tone from the top in order to strengthen an organization’s commitment to sustainability.

A line of accountability for sustainability within the organization was in place.

The head of department plays a key role in the governance structure to manage and implement the initiatives and projects that will have an impact on the Group’s sustainability performance.

We recognize that our progress towards sustainable practices is reliant upon effective and continuous engagement with our stakeholders. By encouraging open communication, the Group is given the opportunity to promptly address and respond to stakeholders concern through various communication channels to maintain the sustainability of our business operations.

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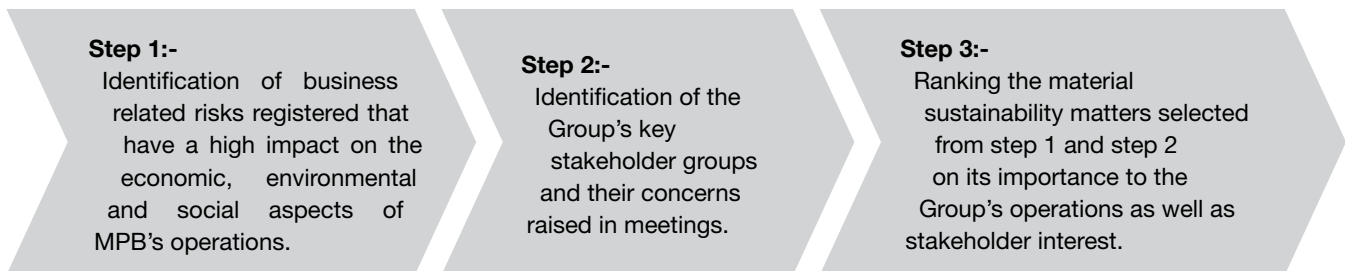
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GOVERNANCE AND SUSTAINABILITY (CONTINUED)

The table below discloses our engagement methods with our stakeholders, as well as the topics of interest that they may have about the Group.

Stakeholders Groups	Areas of Interest	Methods of Engagement
Employees	- Performance Management - Learning and Development - Ethics and Integrity - Remuneration	- Staff appraisal - Training Programs
Investors / Shareholders	- Financial performance - Business Strategy - Stable income distribution	- Annual General Meeting - Annual Report - Company Website - Bursa Malaysia announcements
Customers	- Product Quality - Safety and Security - Customer – Company relation	- Regular client meeting - Marketing campaigns - Company website and social media network
Suppliers and contractors	- Transparent procurement practices - Payment schedule - Pricing of services - Sustainable building methods - Timely completion and delivering	- Contract negotiation - Vendor registration - Contract agreement - Site inspection and verification
Regulatory Bodies	- Compliance and adherence - Security and safety issues	- Annual Report - Compliance with regulatory requirements - Site inspection
Communities	Environmental impacts Impact on existing business	- Community engagement - Financial reporting - Sustainability reporting

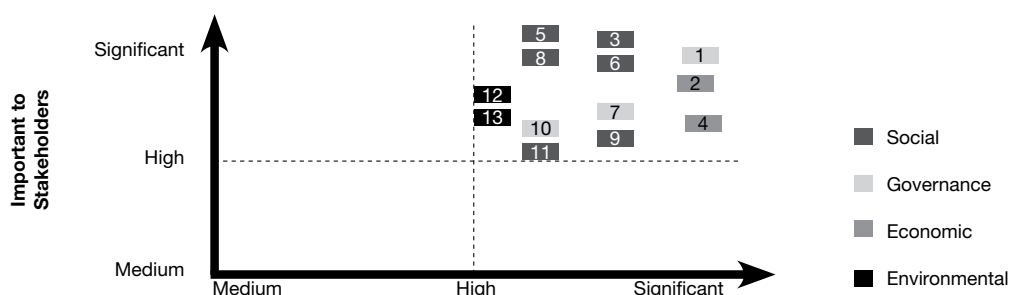
In line with the Listing Requirements outlined by Bursa Malaysia, the key steps involved in identifying and prioritizing our material sustainability matters are as follows:-



Based on the ranking given to each of the material matters, a materiality matrix is derived as shown below.

This has been done through a thorough process of identification, ranking and verification which led to the result on the level of importance these material sustainability matters have on the Group's business operations as well as our stakeholders.

The finalized materiality matrix is presented below.



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Material sustainability matter

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Corporate Governance and transparency 2. Financial Performance 3. Product quality 4. Procurement and supply chain management 5. Legal and Regulatory Compliance 6. Customer satisfaction 7. Risk management | <ol style="list-style-type: none"> 8. Occupational Health and Safety 9. Talent Retention 10. Ethics and integrity 11. Training and Development 12. Environmental Regulatory Compliance 13. Community Engagement |
|--|---|

Material Mapping

	Material Sustainability Matters	Stakeholder Group (s)	Applicable GRI Indicator
1.	Corporate Governance and Transparency	Employees, Regulatory Bodies, Investors	GRI General Standard Disclosures
2.	Financial Performance	Employees, Investors	Economic Performance
3.	Product Quality	Employees, Investors, Regulatory Bodies	Product and Service Labeling
4.	Procurement and Supply Chain Management	Suppliers and Contractors, Regulatory Bodies	Procurement Practices
5.	Legal and Regulatory Compliances	Regulatory Bodies	Compliance
6.	Customer Satisfaction	Customers	Product Responsibility
7.	Risk Management	Regulatory Bodies, Investors	GRI General Disclosure
8.	Occupational Health and Safety	Employees, Contractors, Regulatory Bodies	Occupational Health and Safety
9.	Talent Retention	Employees	Employment
10.	Ethics and Integrity	Employees, Investors, Regulatory Bodies	GRI General Disclosure
11.	Training and Development	Employees	Training and Education
12.	Environmental Regulatory Compliance	Investors, Regulatory Bodies	Compliances
13.	Community Engagement	Local Communities	Local Communities

ECONOMIC SUSTAINABILITY

We believe that sustainability is essential to long term value creation for our stakeholders. The main pillar of our sustainability principles is our customers. Before the Group embarks on a new development venture, a market feasibility study is carried out to ascertain opportunities and risks of the proposal to determine the viability of the location, product type, pricing and demand.

From conceptualisation of products to development and construction planning, our products have viable and sustainable features taking into consideration the market demand and regulatory requirements.

We aim to achieve business sustainability by combining measures to ensure long term profitability and healthy growth through compliance to regulatory requirements, customer management and prudent capital management.

In this regard, we target to use sustainability checklist for schemes. Such checklists provide tools and indicators that measure the sustainability of development at site.

This will help developer to conduct meetings and discussions with local authorities and other stakeholders.

GOVERNANCE AND COMPLIANCE

In order to maintain our corporate accountability and ethical practices, we adhere to the laws and regulations that have been outlined by the government to the best of our abilities.

We activate ethical business practices throughout the Group by establishing and implementing a Code of Conduct and Ethics in the Employee Handbook.

The Code of Conduct and Ethics outlines key behavioural practices and corporate conduct the Group expects its employees to adopt during their tenure at the organisation.

Our employees are expected to practice professionalism at all times and work to provide excellent services to our customers.

The whistleblowing policy has been established and made available to our stakeholders to report any form of business misconduct on our corporate website. This measure is created in hopes of providing better transparency and accessibility to our stakeholders to report any wrong doings that may occur at the Group.

As the property industry is strictly guided by national laws and regulations that are in place to ensure that we develop our properties responsibly and sustainably to benefit the growing nation. We continue to work towards avoiding any form of non-compliance by adhering to the following key legal requirements:-

- Employment Act, 1955
- Minimum Wage Order 2016
- Town and Country Planning Act, 1976
- Housing Development (Control and Licensing) Act, 1966
- Strata Title Act, 1985
- Strata Management Act, 2013

REGULATORY COMPLIANCE

Meeting the compliance demands and expectations of our stakeholders requires regular audits, inspections and reporting which we prioritise as it sets the foundation of a healthy and transparent business operation and in effect, reduces the incidents of non-compliance.

Non-compliance to laws and regulations could result in the Group being reprimanded or penalised by the relevant authority or regulatory body. Therefore, we remain vigilant of the changes and updates made to the regulations relating to the Group's business operations. The respective departments are made aware and monitor the compliance of regulations ie, formal awareness and trainings are provided to staff on new regulations.

PRODUCT QUALITY CONTROL

As a property developer, the Group is continuously conscious of its responsibility to ensure that the properties we build and the services we offer are reliable and safe in the long run.

We continuously strive to understand what our customers seek and work towards improving the quality of our projects to build their confidence in our products and services. Errors in the design, poor workmanship and sub-standard construction materials used for the construction works could cause product quality issues and result in higher operating cost due to modification or rectification works.

In order to achieve product of good quality, we have internal processes that clearly indicate actions and plans for the interaction of all parties involved in the overall process, such as:-

- Defects lodged by the purchaser during the defects liability period will be attended by the contractor

- Close monitoring on the construction works to ensure the quality achieved is as per requirement
- Regular meetings and discussions are held with relevant parties ie, consultants architect, main contractor to review the project planning stage until completion.

CUSTOMER SATISFACTION

The general wellbeing and satisfaction of our customers is a critical material sustainability matter that greatly influences the Group's business operations and reputation.

Our emphasis is on our commitment to enhance customer satisfaction by continual improvement of our quality management system while complying with legal and other requirement.

We also have a team of people to manage and record third party complaints and the status of complaints are closely monitored to ensure timely feedback is provided to the customers.

WORKPLACE SUSTAINABILITY

Creating employment opportunities, providing fair remuneration and sourcing local manpower contributes towards strengthening the local economy with regard to job creation, we hire qualified and experienced local talent for leadership positions, as they are more familiar with the culture which is prevalent in the country and utilize their expertise to develop the Group's presence in the market.

In terms of wages and remuneration, the standard entry level wage we offer to the employees is approximately 70% per cent higher than the amount stipulated by Malaysia's Minimum Wage Order 2016. By providing fair remuneration, we are able to contribute towards the economic wellbeing of our employees.

We continue to move forward with expanding our business operations while being mindful of the wellbeing of our employees. Besides safeguarding workplace health and safety, the group discourages any form of discrimination and promotes gender inclusivity and fairness throughout the organization.

The most cost-effective initiative is to change wasteful habits and encourage people to turn off unneeded lights, turn computers off at night. Next, to improve efficiency, is switch to fluorescent lighting, set printers to print double-sided on default and disable computer screen savers in favor of "hibernate" mode.

Most importantly, involve employees. Tap into the idea of people to reduce energy use, waste and increase workplace satisfaction.

The benefits of investments in human capital are seemingly endless, absenteeism rates drop, retention rates increase, it becomes much easier to attract (and retain) top talent and productivity increases as well.

DIVERSITY AND INCLUSION

Workplace diversity is understanding, accepting and valuing differences between people including those:-

- of different races, ethnicities, genders, ages, religions and disabilities
 - with differences in education, personalities, skills sets, experiences and knowledge bases.
- (1) Workplace diversity is the combination of different backgrounds, experiences and perspectives and taking advantage of these differences will lead to innovation.
 - (2) Inclusion in a supportive and respectful environment will increase the participation and contribution of all employees
 - (3) Diversity and inclusion is a company's mission, strategies and practices to support a diverse workplace and leverage that affects the diversity to achieve a competitive business advantage.
 - (4) Building a diverse and inclusive workplace leads to more effective teams. Bringing different perspective together results in new ideas, removes groupthink, and leads to higher quality decision making.

The Group strictly hires talents based on merit. Academic qualification, experience in the industry and professional skillsets are among the criteria that lead to employee hire.

With an overall employee distribution that consist of 39.13% females and 60.87% males is the workforce for the Group.

The Group is managed by employees who are assigned to four job designation levels. The highest group of employees (41.18%) are at the executive level, followed by middle management (35.30%), non-executives (11.76%) and senior management (11.76%).

EMPLOYEE DEVELOPMENT AND RETENTION

- (1) Retention of productive employees is a major concern for most organisations. It is more efficient to retain a quality employee than to recruit, train and orient a replacement employee of the same quality.

Fairness and transparency are fundamental yet powerful concepts that can make a lasting impression on employees.

- (2) Employee job satisfaction and engagement factors are key ingredients of employee retention programmes.
- (3) The bottom line is that by managing for employee retention, organizations will retain talented and motivated employees who truly want to be a part of the company and who are focused on contributing to the organization's overall success.

We recognize the importance of work-life balance and provide sufficient leave for reasons including matrimony, paternity, maternity, bereavement and examination.

Furthermore, we provide medical and dental allowance.

Five factors as the leading contributors to job satisfaction:-

- Respectful treatment of all employees at all levels
- Compensation / pay
- Trust between employees and senior management
- Job security
- Opportunities to use their skills and abilities at work.

The management made efforts to reduce high rate of turnover, as high rate will have the following effect:-

- As turnover is costly
- Unwanted turnover affects the performance of an organization
- As the availability of skilled employees continues to decrease, it may become increasingly difficult to retain sought after employees.

ENVIRONMENTAL SUSTAINABILITY

Environmental sustainability is the ability to maintain the qualities that are valued in the physical environment.

With the growing awareness on environmental impacts on depletion of non-renewable resources and global warming, we take heed of the processes and impacts on our construction activities.

We continuously review and improve our efforts for a cleaner and healthier environment and maintain compliance with all the environmental laws and regulations.

It is concerned with developing processes that will lead to business becoming completely sustainable in the future.

CONCLUSION

Moving forward, we seek to strengthen our commitment to integrate sustainability throughout our business operation.

ENGAGING OUR EMPLOYEES

Business success depends on having highly motivated employees. To ensure the right culture and foster an environment of accountability and empowerment, we promote two-way communication and dialogue with its employees to gain insights to address any issues. The employees are encouraged to speak freely with management about their job-related concerns.

We conduct exit interviews with employees who had tendered their resignation. This engagement process is an opportunity for the Company to gain valuable information which can be useful to the organization for further improvement in the future.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board and management acknowledge the responsibility for maintaining a sound system of internal control and for reviewing its adequacy and integrity. As such, the Board and management are committed to develop and improve on the current systems of internal control taking into consideration operational efficiency.

The Group has established procedures of internal control that considers the guidelines to Directors as set out in the “Statement on Risk Management & Internal Control - Guidelines for Directors” for the year under review.

These procedures, which are subject to regular review by the Board, provide an on-going process for identifying, evaluating, and managing significant risks faced by the Group that may affect the achievement of its business objectives.

The board has received assurance from the Executive Directors that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspect based on the risk management and internal control system of the company.

BOARD’S RESPONSIBILITY

The Board complies with Paragraph 15.26(b) of the MMLR of Bursa Securities and *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers*.

The Board is satisfied that the current Board composition fairly reflects the investment of minority shareholders in the Company and represents the needed mix of skills and experience required to discharge the Board’s duties and responsibilities effectively. No individual Director or group of Directors can dominate the Board’s decision-making process. The composition and size of the Board are to be reviewed from time to time.

All of the Board members serve as directors in not more than five boards of listed companies, to ensure they devote sufficient time to carry out their responsibilities. The profiles of the members of the Board are set out in the Annual Report under the section named Profile of Directors.

The Board recognises the importance of sound internal control and risk management practices for good corporate governance. For the financial year under review, the Group had in place a system of internal control in accordance with Section 246 of the Companies Act, 2016 and had established an on-going process of reviewing, identifying, evaluating, and managing significant risks faced by the Group.

The system of internal control and the process of risk management are reviewed regularly by the Board with the assistance of the Audit Committee, outsourced Internal Audit and all relevant personnel of the Group through a combination of key processes.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed to mitigate risks but not eliminating all the present and future risks. Furthermore, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds, and losses.

Clear functions reserved for the Board and those delegated to Management

The Board recognises its key role in charting the strategic direction, development and control of the Group and has adopted the specific responsibilities that are listed in the Code, which facilitates the discharge of the Board’s stewardship responsibilities. In order to deliver both fiduciary and leadership functions, the Board, amongst others, assumes the following key responsibilities as per recommendations of the Code :-

- Setting the objectives, goals, and strategic plan for the Company with a view to maximizing shareholder value and promoting sustainability;
- Adopting and monitoring progress of the Company’s strategy, budgets, plans and policies;
- Overseeing the conduct of the Company’s business to evaluate whether the business is being effectively managed;
- To consider and approve reserved matters covering corporate policies, material investment and acquisition / disposal of assets;
- Identifying principal risks and ensure implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations program or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company’s internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITY (CONTINUED)

Clear functions reserved for the Board and those delegated to Management (Continued)

The Executive Directors are responsible for day-to-day operation and management of business and making and implementing policies, operational and corporate decisions as well as developing, coordinating, and implementing business and corporate strategies. The Non-Executive Directors play the key roles in contributing knowledge and experience towards the formulation of policies and in the decision-making process. They could provide the relevant checks and balances, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied. Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his interest and abstain from the decision-making process.

CONTROL ENVIRONMENT AND STRUCTURE

The Board recognises that in order to achieve a sound system of internal control, a conducive control environment must be established. The Board is fully committed to the maintenance of such a control environment within the Group and in discharging their responsibilities, enhanced the following key system of internal control within the Group to govern the manner in which the Group and its employees conduct themselves. The key elements of internal controls comprise the following:

- **The Board** meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and to consider the approved measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- **Audit Committee** comprises entirely of non-executive directors, and who hold regular meetings throughout the financial year. Audit Committee members are briefed and updated on the matters of corporate governance practice and legal and regulatory matters. The current composition of members, with at least one who is a member of an accounting association or body, brings with them a wide variety of experience from different fields and background. They have full and unimpeded access to both the internal as well as external auditors during the financial year. They also meet with the external auditors without the presence of the Management at least twice a year.
- **Outsourced Internal Auditors** continue to independently assure the Board, through the Audit Committee, that the internal control system functions as intended. Their work practice as governed by their audit plan is derived on a risk based approach and internal audit findings are highlighted to the Audit Committee. Their annual audit plans are presented and approved by the Audit Committee annually before the commencement of the following financial year and updates are given as and when there are any changes.
- **Financial and Operational Information** continues to be prepared and presented to the Board. A detailed budget is prepared and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then tracked and measured against the approved budget on quarterly basis. All critical operational issues are followed up with action thereon. On a quarterly basis, the results are reviewed by the Audit Committee and the Board to enable them to gauge the Group's overall performance compared to the approved budgets.
- **The Limit of Authority** determines the respective levels of authority which are delegated to staff of the respective levels to enable control of the Group's commitment of both capital and operational expenditure. The authority limits are subject to periodic review throughout the financial year as to their implementation and for the continuing suitability.
- **Policies and Procedures** for key business processes are formalized and documented for each significant operating unit.
- **Tender Committee** functions to ensure transparency in the award of contracts.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Audit Committee and the Management, with the assistance from the outsourced professional firm, namely Vaersa Advisory Sdn Bhd, have established the necessary Risk Management processes, guided by the recognized risk management standards, to ensure critical risk are proactively identified, evaluated, communicated, monitored and managed across the Company. The key aspects of the Risk Management are: -

- All Head of Departments are responsible to continuously ensure effective and efficient Risk Management throughout the Company;
- Risk assessment reviews, which is facilitated by an outsourced professional firm, are performed annually to identify any potential risk, from the perspective of laws and regulations, corporate governance, operations, financial, customers, product and services, suppliers, human capital, and etc.;
- Key risks identified during the risk assessment together with the existing controls to manage it are documented in the Risk Register as part of the Risk Management Report. Risk response, if any, are to be discussed by the respective Head of Departments and documented in the Risk Register;
- The significant risk issues documented in the Risk Management Report are discussed and highlighted at the Audit Committee meetings. The Audit Committee reviews the Group's risk profile and effectiveness of the mitigating measures implemented by the management as documented in the Risk Management Report. Significant risk matters that require the attention of the Directors are escalated to the Board;

Figure 1: Risk management Processes



A risk analysis of the Group is conducted on a regular basis including constantly reviewing the process in identifying, evaluation and putting up necessary action to assess and monitor the impacts of the risk on the operation and business. The process requires management to comprehensively identify and assess all types of risk in terms of likelihood and magnitude of impact as well as to address the adequacy and application of mechanisms in place to manage, mitigate, avoid, or eliminate these risks. This serves as the on-going process of identifying; assessing and managing risks faced by the Group and has been in place for the year under review and up to the date of approval of this statement for inclusion in the Annual Report.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL FRAMEWORK

The outsourced professional firm reviews the internal control processes in the key activities of the Group's business by adopting a risk based internal audit approach and reports directly to the Audit Committee. The internal audit findings together with recommendations for Management responses are presented to the Audit Committee where it then reports to the Board of Directors by the Audit Committee on a quarterly basis.

The outsourced professional firm prepares an Annual Audit Plan and presented it to the Audit Committee for their approval. The scope of work encompasses review of strategic plan, operational and financial activities within the group. The outsourced professional firm has successfully completed the planned audit for the year and will closely monitor the implementation progress of its audit recommendations in order to ensure that all major risks and control concerns have been duly addressed by the Management. The internal audit report together with the recommended action and their implementation status are presented to the Board and Audit Committee.

The Board acknowledges its responsibility for maintaining a sound internal control system, which provides reasonable assurance in ensuring the effectiveness and efficiency of operations and the safeguard of assets and interest in compliance with laws and regulations as well as with internal financial administration procedures and guidelines.

INTERNAL AUDIT FUNCTION

The Audit Committee is supported by the Internal Audit team, which has been outsourced to Vaersa Advisory Sdn Bhd. Its primary role is to assess the adequacy and effectiveness of the risk, control and governance framework for the Group. The Internal Auditors report directly to the Audit Committee and its role are to independently review the internal control system established by the management, its adequacy and effectiveness with the objectives set and to make appropriate recommendations for further improvement.

During financial year ended 31 December 2021, the Group had conducted review on the Finance Department on 31 May 2021 and Enterprise Risk Management on 18 November 2021.

For the financial year under review, the total costs incurred by the Group for maintaining the Internal Audit Functions was RM28,000.

The Board, under the recommendation by the Audit Committee, has agreed to continue to engage an external and independent professional consulting firm as part of its effort to provide adequate and effective internal control system for the financial year ending 31 December 2022.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Bursa Securities' Guidelines, management is responsible to the Board for identifying risks relevant to the business of the Group's objectives and strategies; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objective and performance.

At a meeting, the Board obtained assurance from the Executive Directors that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

BOARD ASSURANCE AND LIMITATION

The Board confirms that the process for identifying, evaluating, and managing significant risks in the Group is on-going. For the financial year under review, there was no material loss resulted from significant control weaknesses. The Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives.

The Board wishes to reiterate that risk management and systems of internal control would be continuously improved in line with the evolving business development, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group could only provide reasonable but not absolute assurance against material misstatements, frauds, and losses.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The Audit Committee has assessed the suitability of the External Auditors and has obtained written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in the annual report for the financial year ended 31 December 2021.

The external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes the Board has adopted in the review of the adequacy and integrity of the risk management and internal control functions of the Group.

CONCLUSION

The system of internal control and risk management described in this Statement is considered by the Board to be adequate and risks are considered by the Board to be at an acceptable level within the context of the business environment throughout the Group's business. However, such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and thus they can only provide reasonable assurance and not absolute assurance against material misstatement. Nevertheless, the systems of internal control and risk management that exist throughout the financial year under review provide a level of confidence on which the Board relies for assurance.

For the financial year under review, the Board is satisfied with the adequacy and integrity of the Group's system of internal control and that no material losses, contingencies or uncertainties have arisen from any inadequate or failure of the Group's system of internal control that would require separate disclosure in the Annual Report.

This Statement is made in accordance with the resolution of the Board dated 23 April 2022.

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AUDIT COMMITTEE REPORT

The principal functions of this Committee are to assist the Board in the effective discharge of its fiduciary responsibilities in relation to corporate governance, ensure timely and accurate financial reporting as well as the development of internal controls.

MEMBERS

The Committee is appointed by the Board from amongst its Directors and shall comprise of at least 3 Non-Executive Directors, with all of whom are Independent Directors.

Members of the Audit Committee during FYE 2021 are as follows:

Chairperson	:	Dato' Darawati Hussain (<i>Independent Non-Executive Director</i>)
Member	:	Tan Sri Datuk Adzmi Bin Abdul Wahab (<i>Independent Non-Executive Chairman</i>) Sazali Bin Saad (<i>Independent Non-Executive Director</i>) Dato' Sri Hj Wan Adnan Bin Wan Mamat (<i>Independent Non-Executive Director</i>) (<i>appointed on 20 August 2021</i>)

TERM OF REFERENCE

The Terms of Reference of the Audit Committee is available for reference at the Company's website at www.magnaprima.com.my.

1. PURPOSE

The primary objective of the Committee is to provide oversight of the financial reporting process, the audit process, the system of internal controls and compliance with laws and regulations.

2. AUTHORITY

The Committee is authorized by the Board to: -

- Investigate on any activity within its term of reference;
- Have full and unrestricted access to any information as deemed required to perform its duties;
- Obtain legal or other independent professional advices and appoint independent parties with related knowledge and expertise to assist the Committee, if necessary;
- Have direct communication with external auditors and person(s) performing the audit function or activity;
- Convene meetings with external auditors, without the presence of any Executive Directors and employee of Company, whenever deemed necessary.

3. FREQUENCY OF MEETING

The Committee shall meet quarterly and as and when required, with authority to convene additional meetings as deemed necessary.

The Audit Committee held a total of five (5) meetings during the financial year. The meetings were appropriately structured through the use of agenda and meeting papers, which were distributed to members with sufficient notification.

The external and internal auditors are also invited to attend Audit Committee meetings to present their audit plan and audit findings, and to assist the Audit Committee in its review of the unaudited quarterly financial reports and year-end financial statements.

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AUDIT COMMITTEE REPORT

3. FREQUENCY OF MEETING (Continued)

Members	Position	Total meetings attended
Dato' Darawati Hussain (Chairperson)	Independent Non-Executive Director	5/5
Tan Sri Datuk Adzmi bin Abdul Wahab	Independent Non-Executive Chairman	5/5
Sazali bin Saad	Independent Non-Executive Director	5/5
Dato' Sri Hj Wan Adnan Bin Wan Mamat*	Independent Non-Executive Director	2/2

**Appointed as Audit Committee Member on 20 August 2021*

4. The duties and responsibilities of the Committee are to:

- Review all financial information for publication, including quarterly and annual financial statements with external auditors prior to submission to the Board of Directors. The review shall focus on:
 - Changes in or implementation of major accounting policy changes;
 - Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events, or transactions, and how these matters are addressed; and
 - Compliance with accounting standards and other legal requirements.
- Discuss with the external auditors, the nature, scope, and approach of the audit of the financial statements.
- Discuss with the external auditor on areas of concern arising from the audit of the financial statements.
- Assess the adequacy and effectiveness of the accounting procedures and the internal control systems of the Company by reviewing management letters from external auditors.
- Discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss in the absence of Management, where necessary.
- Review the internal audit plan and processes, consider major findings of internal audit, and recommend actions and steps to be taken by management in response to the findings.
- Review the relevance and adequacy of the scope, functions, competency and resources of internal audit and the necessary authority to carry out the function.
- Determine extent of cooperation and assistance given by the employees.
- Review related party transactions and conflict of interest situations that may arise within the Company.
- Consider the appointment of the external auditors, the terms of reference of their appointment and any questions on resignation and dismissal before recommendation to the Board.
- Undertake such other responsibilities as may be agreed to by the Committee and the Board.
- Report its activities, significant results, and findings.
- Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to a professional services firm as part of its effort to ensure that the Group's system of internal controls is adequate and effective. The internal audit function assists the Board and Audit Committee in providing independent assessment of the effectiveness and adequacy of the Group's system of internal controls. The internal audit function reports directly to the Audit Committee.

The activities carried out by the Internal Audit function were: -

- a) Prepared and presented the Internal Audit Plan for 2021 for the Audit Committee's consideration and approval;
- b) Performed risk-based audits in accordance with the Internal Audit Plan approved by the Audit Committee on strategic business processes of the Group;
- c) Issued Internal Audit Reports to the Audit Committee and Senior Management identifying control weaknesses and issues together with Management's response and proposed action plans, and followed up on matters raised; and
- d) Acted on comments made by the Audit Committee and /or Senior Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.

The Group has incurred approximately RM28,000 for FYE 2021 in maintaining the internal audit function.

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AUDIT COMMITTEE REPORT

SUMMARY OF THE ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FYE 2021

During the FYE 2021, the Audit Committee carried out the following activities: -

- Reviewed the Audit Planning Memorandum for the FYE 2021 presented by the External Auditors;
- Reviewed the report by External Auditors on the audit of the financial statements for FYE 2021;
- Reviewed the suitability and independence of the External Auditors and present the recommendation to the Board;
- Reviewed the Internal Audit Reports, which highlighted observations from audits performed in accordance with the Internal Audit Plan approved by the Audit Committee;
- Reviewed and appraised the adequacy and effectiveness of Management response in resolving the audit issues reported;
- Reviewed the findings of the Internal Auditors and follow-up on the recommendations;
- Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group activities;
- Reviewed the unaudited quarterly financial results of the Group and the audited financial statements of the Group and Company and recommended the same to the Board;
- Review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course that raises question on management integrity at each Audit Committee quarterly meeting;
- Reviewed and approved the Internal Audit Plan; and
- Reviewed the Statement on Risk Management and Internal Control and Audit Committee Report for the FYE 2021.

OVERSIGHT OF EXTERNAL AUDITORS

- Reviewed, assessed, and monitored the performance, suitability, and independence of the external auditors. The Audit Committee undertook an annual assessment to assess the performance, suitability and independence of the external auditors based on, amongst others, the quality of service, sufficiency of resources, communication, and interaction, as well as independence, objectivity, and professional skepticism. The external auditors provide an annual confirmation of their independence in accordance with the terms of all professional and regulatory requirements.
- Evaluated the external auditors' independence and objectivity, as well as their ability to serve the Group in terms of technical competencies and manpower resource sufficiency.
- Following the review of the external auditors' effectiveness and independence, the Audit Committee is satisfied with the performance and the audit independence of the external auditors and it was recommended to the Board to propose to shareholders the reappointment of the external auditors at the Annual General Meeting of the Company.
- The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

OVERSIGHT OF INTERNAL AUDIT

- The internal auditors attended two (2) Audit Committee Meetings held in FYE 2021.
- Reviewed the risk-based Internal Audit Plan for the Group for FYE 2021 and approved for adoption of the same by the Group throughout FYE 2021.
- Reviewed the Internal Audit Reports for FYE 2021 and assessed the internal auditors' findings and the management's responses and made the necessary recommendations to the Board for approval;
- Reviewed the progress updates on the follow-up review of the previous Internal Audit Reports;
- Reviewed the adequacy and performance of the internal audit function and its comprehensive coverage of the Group's activities for FYE 2021; and
- Reviewed and assessed the adequacy of the scope, functions, competency, and resources of the outsourced internal auditors for FYE 2021 and that they have the necessary authority to carry out their work.

REVIEW OF RELATED PARTY TRANSACTION

Reviewed any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions on management integrity at each Audit Committee quarterly meetings.

This Report is made in accordance with the resolution of the Board dated 23 April 2022.

NOMINATION COMMITTEE REPORT

This Report has been reviewed by the NC and approved by the Board of Directors of Magna Prima for inclusion in this Annual Report 2021.

Composition of the NC

The composition of the NC is as listed below and complies with Paragraph 15.08A of MMLR of Bursa Securities which states that a nomination committee shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent:

Chairman	:	Sazali Bin Saad (Independent Non-Executive Director)
Member	:	Tan Sri Datuk Adzmi Bin Abdul Wahab (Independent Non-Executive Chairman)
		Dato' Darawati Hussain (Independent Non-Executive Director)
		Dato' Sri Hj Wan Adnan Bin Wan Mamat (Independent Non-Executive Director)
		<i>(appointed as member of NC on 20 August 2021)</i>

The Terms of Reference of the NC is available for reference at the Company's website at www.magnaprima.com.my.

The NC assists the Board in reviewing the new candidate in terms of the candidates' skill, knowledge, expertise and experience before recommending to the Board for decision. For assessment and selection of director candidate, consideration would be taken on the need to meet the regulatory requirements such as Companies Act 2016, the MMLR of Bursa Securities and other criteria such as:

- Age
- Industrial experience, skillsets and knowledge
- Academic qualification
- Expected contributions to the existing and new businesses
- Expected enhancement to the board's strength and network

The Executive Directors and Senior Management were invited to the NC meetings to facilitate deliberations as well as provide clarifications on the proposals tabled for the NC's considerations. An update of key deliberations and recommendations by the NC were reported to the Board at its meetings. The Company Secretaries served as the secretaries of the NC.

Summary of Activities of the NC

The NC's key activities throughout FYE 2021 are summarized below:

a) Board Effectiveness Evaluation

The annual Board assessment FYE 2021 was carried out by the NC with the assistance of the Company Secretaries.

A self-assessment questionnaire was circulated to all the Board members, and used to assess the Board as a whole, the Board Committees as well as the Directors individually. There were a variety of parameters considered to ensure a holistic evaluation. The assessment covered areas which include, inter alia, the responsibilities of the Board in relation to its role and function, for the Board and Senior Management, corporate governance, and monitoring the Company's performance.

Other areas evaluated include the composition and size of the Board and Board Committees, the Board's decision making and output, information and the overall perception of the Board and support rendered to the Board.

The NC also assessed the contributions of each member of the Board, his knowledge and abilities, integrity, as well as his personal commitment to Board responsibilities.

Independent Non-Executive Directors are further assessed on their ability to exercise independent judgement, in addition to their ability to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all stakeholders' interests, where deemed necessary.

MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
NOMINATION COMMITTEE REPORT

Summary of Activities of the NC (Continued)

b) Performance of the AC and its Members

The NC had conducted an annual assessment on the performance of the AC as a whole and also adopted a peer evaluation mechanism on the performance of the individual committee members. The overall results of the evaluation were satisfactory.

c) Appointment of New Directors

The NC reviewed and recommended to the Board for approval, the proposed appointment of Mr Lee Chin Cheh as an Independent Non-Executive Director on 8 March 2021 and subsequently re-designated to Executive Director on 8 July 2021 and Ms Tan Chin Yen as Executive Director on 8 March 2021 and Dato' Sri Hj Wan Adnan Bin Wan Mamat as an Independent Non-Executive Director of the Company on 8 July 2021 respectively. While making recommendation, the NC had reviewed their Profiles, taking into consideration of their qualifications, background, skills, experience, time commitment, and competencies.

d) Re-election of Directors

The Company Secretaries monitor the Directors' retirement by rotation at each annual general meeting (AGM) and submit the proposal to the NC in accordance with the Constitution of the Company, which requires one-third of the total number of Directors, or if the number is not a multiple of three, the number nearest to one-third, to retire by rotation at the AGM each year. The NC reviews the performance of the said Director(s) who is/are retiring by rotation and make the appropriate recommendation to the Board.

In this regard and being satisfied with the performance of, the NC recommended the re-election of Tan Sri Datuk Adzmi Bin Abdul Wahab, Sazali Bin Saad and Dato' Darawati Hussain who will be retired and eligible for re-election pursuant to Clause 105 of the Company's Constitution for shareholders' approval at the forthcoming 27th AGM of the Company.

Dato' Sri Hj Wan Adnan Bin Wan Mamat was appointed on 8 July 2021 as an Independent Non-Executive Director of the Company. He shall be retired and eligible for re-election pursuant to Clause 109 of the Company's Constitution for shareholders' approval at the forthcoming AGM of the Company.

e) Reviewed and recommended the NC Report for inclusion in the Annual Report 2021 to the Board for approval.

At this juncture, the Group wishes to highlight that it practices non-discrimination in any form, whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of Board members and Senior Management. In addition, the Group believes that it is of utmost importance that the Board comprises of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that our Board functions effectively and discharges its duties in the best interests of the Company and shareholders.

The Nomination Committee Report was approved by the Board on 23 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered	51,000	149,750
Non-Audit Services Rendered		
(a) Review of Statement on Risk Management and Internal Control	-	5,000
(b) Verification of Housing Development Account	-	5,000

2. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the financial year under review, there was no other material contract and/or contracts relating to loan entered into by the Company and/or its subsidiary companies involving Directors and Major Shareholders' interests.

4. UTILISAION OF PROCEEDS

Private Placement

On 26 October 2021, the Company has completed a Private Placement following the listing and quotation of a total 66,525,400 placement shares at RM0.45 per placement share on Main Market of Bursa Securities, the total proceeds raised approximately RM29.936 million. The status of utilisation of proceeds is as follows:

Utilisation of Proceeds as at 31 December 2021	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance unutilized RM'000	Expected timeframe for utilisation
Repayment of borrowing	26,181	22,476	3,705	Within 18 months
Working Capital	3,545	-	3,545	Within 18 months
Estimate expenses to Private Placement	210	201	9	Immediate
Total	29,936	22,677	7,259	

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Board of Directors is required under paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Securities to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and the Company as at the financial year end and of their results and cash flows for the financial year then ended.

The Directors consider that, in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2021, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company maintains proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and the Company, and that the financial statements comply with the regulatory requirements.

This statement is made in accordance with the resolution of the Board dated 23 April 2022.

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MAGNA PRIMA BERHAD
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal Activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiary companies are stated in Note 7 to the financial statements.

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

Financial Results

	Group RM	Company RM
Profit for the financial year attributable to:		
- Owners of the Company	2,928,816	292,736
- Non-controlling interests	(1,622,968)	-
	1,305,848	292,736

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend to be paid for the financial year under review.

Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year, the Company increased its issued and fully paid up share capital from RM121,008,885 comprising of 334,912,640 ordinary shares to RM150,945,315 comprising of 401,438,040 ordinary shares through the issuance of 66,525,400 new ordinary shares via private placement at issuance price of RM0.45 per ordinary share for working capital purposes. The newly issued ordinary shares ranked *pari-passu* in all respect with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year under review.

Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year under review.

MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
DIRECTORS' REPORT

Directors

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

Tan Sri Datuk Adzmi bin Abdul Wahab	
Dato' Darawati Hussain	
Ho Wen Yan	
Chang Chee Kok	
Sazali bin Saad	
Lee Chin Cheh	(Appointed on 8 March 2021)
Tan Chin Yen	(Appointed on 8 March 2021)
Dato' Sri Hj Wan Adnan bin Wan Mamat	(Appointed on 8 July 2021)
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	(Resigned on 15 July 2021)

The names of Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made apart thereof.

Directors' Interests in Shares or Debentures

According to the register of Directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	As at 1.1.2021/ Date of appointment	No. of ordinary shares		As at 31.12.2021
		Bought	Sold	
Interest in the Company, Magna Prima Berhad:				
<u>Direct interest</u>				
Tan Chin Yen	6,331,900	-	-	6,331,900
<u>Indirect interest</u>				
Ho Wen Yan *	102,889,940	-	-	102,889,940

* Deemed interest by virtue of his interest in Prisma Pelangi Sdn. Bhd.

By virtue of their interests in the shares of the Company, Tan Chin Yen and Ho Wen Yan are also deemed to have interests in the shares of all its subsidiary companies to the extent the Company has an interest.

Other than as disclosed above, according to the register of Directors' shareholdings, the other Directors in office at the end of the financial year did not hold any interest in shares or debentures in the Company or its subsidiaries during the financial year.

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Remuneration

Details of Directors' remuneration are disclosed in Note 27 to the financial statements.

Subsidiary Companies

Details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Auditors' Remuneration

Details of auditors' remuneration are disclosed in Note 23 to the financial statements.

Indemnity and Insurance Costs

During the financial year, the total amount of insurance premium paid for the Directors and officers of the Company was RM24,200.

Other Statutory Information

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

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances which would render:

- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) any amount stated in the financial statements of the Group and of the Company misleading.

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

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

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

Other Statutory Information (Continued)

In the opinion of the Directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely 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.

Material Litigations

Details of material litigations are disclosed in Note 35 to the financial statements.

Significant Events

Details of significant events are disclosed in Note 36 to the financial statements.

Subsequent Events

Details of subsequent events are disclosed in Note 37 to the financial statements.

Auditors

HLB Ler Lum Chew PLT (201906002362 & AF0276) have indicated their willingness to accept appointment as auditors of the Company in place of the retiring auditors, HLB AAC PLT (202006000008 & AF001977).

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

LEE CHIN CHEH

TAN CHIN YEN

KUALA LUMPUR
23 APRIL 2022

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

We, LEE CHIN CHEH and TAN CHIN YEN, being two of the Directors of MAGNA PRIMA BERHAD, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 52 to 101 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.

LEE CHIN CHEH

TAN CHIN YEN

KUALA LUMPUR
23 APRIL 2022

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

I, TAN CHIN YEN, being the Director primarily responsible for the financial management of MAGNA PRIMA BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 52 to 101 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 TAN CHIN YEN)
at KUALA LUMPUR)
on this date of 23 APRIL 2022)

TAN CHIN YEN

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNA PRIMA BERHAD
REGISTRATION NO: 199501040315 (369519-P) (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Magna Prima Berhad, which comprise the statements of financial position as at 31 December 2021 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 52 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with 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.

Material Uncertainty Relating to Going Concern

We draw attention to Note 2.1 to the financial statements, the financial statements of the Group and of the Company have been prepared on a going concern basis notwithstanding that:

- (a) As at 31 December 2021, the Group's and the Company's current liabilities exceeded its current assets by RM75,215,734 and RM195,790,858 respectively;
- (b) As disclosed in Note 16 to the financial statements, two subsidiary companies delayed the payment of their borrowing obligations during the financial year; and
- (c) As disclosed in Note 35 to the financial statements, the Group and the Company are involved in several pending litigations.

These conditions, indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAGNA PRIMA BERHAD
REGISTRATION NO: 199501040315 (369519-P) (INCORPORATED IN MALAYSIA)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report in the financial statements of the Company. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Relating to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report:

Key audit matters	How our audit addressed the key audit matters
<p>Valuation of investment property</p> <p><i>Refer to Note 2.3(i), Note 2.7 and Note 5 of the financial statements</i></p> <p>The Group owns a freehold land as investment property. As at 31 December 2021, investment property represent the single largest category of assets amounting to RM369,650,000.</p> <p>The Group adopts the fair value model for its investment property and had engaged an external valuer to determine the fair value of the investment property at the reporting date.</p> <p>The valuation of investment property is significant to our audit due to the magnitude, complex valuation method and high dependency on a range of estimates which are based on current and future market or economic conditions.</p>	<p>Our audit procedures focused on the following:</p> <ul style="list-style-type: none"> • assessed the appropriateness of the independent professional valuer's scope of work and evaluated whether they possess sufficient expertise, capability and objectivity to competently perform the valuation of the Group's investment property; • obtained the valuation report and evaluated the valuation methodology, data relating to comparisons of the recent transactions involving similar assets and estimates used by the independent professional valuer; • conducted site visits on the investment property to observe the condition of the property and safeguards put in place by the Group; and • evaluated whether disclosures in the financial statements relating to the valuation of investment property were in accordance with Malaysian Financial Reporting Standards.

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 Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAGNA PRIMA BERHAD

REGISTRATION NO: 1995010 10315 (369519-P) (INCORPORATED IN MALAYSIA)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MAGNA PRIMA BERHAD
REGISTRATION NO: 199501040315 (369519-P) (INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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, related safeguards.

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 7 to the financial statements.

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 any responsibility to any other person for the content of this report.

HLB AAC PLT
(202006000008 & AF001977)
Chartered Accountants

TANG YAN YU
Approved Number: 03452/10/2023 J
Chartered Accountant

KUALA LUMPUR
23 APRIL 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Non-Current Assets					
Property, plant and equipment	3	152,094	289,898	2	2
Right-of-use assets	4	40,910	292,399	-	-
Investment properties	5	369,650,000	377,169,000	-	-
Land held for property development	6	119,914,742	119,914,742	-	-
Investment in subsidiary companies	7	-	-	516,184,507	599,359,038
		489,757,746	497,666,039	516,184,509	599,359,040
Current Assets					
Inventories	10	2,205,626	45,914,406	-	-
Trade and other receivables	8	4,796,520	6,797,224	548,545	456,421
Tax recoverable		78,089	81,874	-	-
Cash held under Housing Development Accounts	11	1,311,908	1,516,589	-	-
Fixed deposits placed with licensed banks	12	8,041,805	423,972	7,895,000	-
Cash and bank balances		2,346,438	1,439,461	32,297	51,273
		18,780,386	56,173,526	8,475,842	507,694
Non-current assets held for sale	13	183,661,843	183,661,843	-	-
		202,442,229	239,835,369	8,475,842	507,694
Current Liabilities					
Trade and other payables	14	133,434,527	100,128,260	196,316,492	301,754,541
Borrowings	16	127,399,699	187,010,637	-	-
Lease liabilities	17	45,140	260,771	-	-
Current tax liabilities		16,778,597	60,805,910	7,950,208	7,947,708
		277,657,963	348,205,578	204,266,700	309,702,249
Net current liabilities		(75,215,734)	(108,370,209)	(195,790,858)	(309,194,555)
		414,542,012	389,295,830	320,393,651	290,164,485
Financed by:					
Share capital	18	150,945,315	121,008,885	150,945,315	121,008,885
Treasury shares	19	(2,385,431)	(2,385,431)	(2,385,431)	(2,385,431)
Reserves	20	226,185,190	227,203,358	171,833,767	171,541,031
Equity attributable to owners of the Company		374,745,074	345,826,812	320,393,651	290,164,485
Non-controlling interests		(717,474)	905,494	-	-
		374,027,600	346,732,306	320,393,651	290,164,485
Non-Current Liabilities					
Borrowings	16	19,816,061	21,668,000	-	-
Lease liabilities	17	-	45,140	-	-
Deferred tax liabilities	9	20,698,351	20,850,384	-	-
		40,514,412	42,563,524	-	-
		414,542,012	389,295,830	320,393,651	290,164,485

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 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	21	6,248,474	18,701,359	-	3,890,425
Cost of sales	22	(3,259,952)	(9,560,086)	-	-
Gross profit		2,988,522	9,141,273	-	3,890,425
Other operating income		26,367,462	2,176,542	5,707,053	108,716
Marketing and promotion expenses		(111,339)	(675,923)	-	-
Administration expenses		(7,341,924)	(9,845,645)	(860,672)	(1,383,050)
Other operating expenses		(4,769,752)	(117,391,457)	(4,548,037)	(12,418,156)
Profit/(Loss) from operations	23	17,132,969	(116,595,210)	298,344	(9,802,065)
Finance costs	24	(16,163,427)	(17,106,568)	(606)	(4,685)
Profit/(Loss) before taxation		969,542	(133,701,778)	297,738	(9,806,750)
Taxation	25	336,306	(18,502,427)	(5,002)	(7,975,380)
Profit/(Loss) for the financial year		1,305,848	(152,204,205)	292,736	(17,782,130)
Other comprehensive (loss)/income:					
Item that may be reclassified					
subsequently to profit or loss					
Exchange differences arising from translation of foreign operations		(3,946,984)	12,913,839	-	-
Total comprehensive (loss)/income for the financial year		(2,641,136)	(139,290,366)	292,736	(17,782,130)
Profit/(Loss) for the financial year attributable to:					
Owners of the Company		2,928,816	(150,874,906)	292,736	(17,782,130)
Non-controlling interests		(1,622,968)	(1,329,299)	-	-
		1,305,848	(152,204,205)	292,736	(17,782,130)
Total comprehensive (loss)/income for the financial year attributable to:					
Owners of the Company		(1,018,168)	(137,961,067)	292,736	(17,782,130)
Non-controlling interests		(1,622,968)	(1,329,299)	-	-
		(2,641,136)	(139,290,366)	292,736	(17,782,130)
Earnings/(Loss) per share attributable to owners of the Company:					
Basic and diluted (sen)	26	0.85	(45.36)		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Note	Attributable to Owners of the Company				Distributable			Non-Controlling Interests RM	Total Equity RM
	Share Capital RM	Treasury Shares RM	Translation Reserve RM	Capital Reserve RM	Retained Profits RM	Sub-Total RM	Non-Controlling Interests RM		
At 1 January 2021	121,008,885	(2,385,431)	860,495	19,706,095	206,636,768	345,826,812	905,494	346,732,306	
18	29,936,430	-	-	-	-	29,936,430	-	29,936,430	
Issuance of ordinary shares	-	-	-	-	2,928,816	2,928,816	(1,622,968)	1,305,848	
Profit for the financial year	-	-	-	-	-	-	-	-	
Other comprehensive loss:	-	-	(3,946,984)	-	-	(3,946,984)	-	(3,946,984)	
Exchange differences arising from translation of foreign operations	-	-	(3,946,984)	-	2,928,816	(1,018,168)	(1,622,968)	(2,641,136)	
Total comprehensive loss	150,945,315	(2,385,431)	(3,086,489)	19,706,095	209,565,584	374,745,074	(717,474)	374,027,600	
At 31 December 2021	121,008,885	(2,385,431)	(12,053,344)	19,706,095	357,511,674	483,787,879	2,234,793	486,022,672	
Loss for the financial year	-	-	-	-	(150,874,906)	(150,874,906)	(1,329,299)	(152,204,205)	
Other comprehensive income:	-	-	12,913,839	-	-	12,913,839	-	12,913,839	
Exchange differences arising from translation of foreign operations	-	-	12,913,839	-	(150,874,906)	(137,961,067)	(1,329,299)	(139,290,366)	
Total comprehensive loss	121,008,885	(2,385,431)	860,495	19,706,095	206,636,768	345,826,812	905,494	346,732,306	
At 31 December 2020									

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

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Non-distributable		Distributable	Total Equity RM
		Share Capital RM	Treasury Shares RM	Retained Profits RM	
At 1 January 2021		121,008,885	(2,385,431)	171,541,031	290,164,485
Issuance of ordinary shares	18	29,936,430	-	-	29,936,430
Profit/Total comprehensive income for the financial year		-	-	292,736	292,736
At 31 December 2021		150,945,315	(2,385,431)	171,833,767	320,393,651
At 1 January 2020		121,008,885	(2,385,431)	189,323,161	307,946,615
Loss/Total comprehensive loss for the financial year		-	-	(17,782,130)	(17,782,130)
At 31 December 2020		121,008,885	(2,385,431)	171,541,031	290,164,485

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit/(loss) before taxation		969,542	(133,701,778)	297,738	(9,806,750)
Adjustments for:					
Depreciation of property, plant and equipment	3	56,130	145,552	-	79,772
Depreciation of right-of-use assets	4	249,480	232,003	-	-
Amortisation of contract cost assets	8(c)	-	515,313	-	-
Impairment loss on non-current assets held for sale	13	-	89,570,000	-	-
Net provision/(reversal) of expected credit loss allowance on:					
-trade receivables	8(b)	-	(365,662)	-	-
-other receivables	8(b)	3,535,637	803,343	3,535,637	-
-deposits	8(b)	-	59,066	-	(57,224)
Impairment loss on investment in subsidiary companies	7	-	-	-	12,408,896
Other receivables written-off		-	44,772	-	-
Net changes to estimation of liquidated and ascertained damages, recognised as net revenue pursuant to MFRS15	15(b)	-	2,579,958	-	-
Gain on disposal of property, plant and equipment		-	(42,444)	-	(42,444)
(Gain)/Loss on deemed disposal of subsidiary company	7(b)	(1,501,335)	-	2,789,487	-
Gain on disposal of subsidiary companies	7(c)	(18,743,897)	-	(8,469,999)	-
Unrealised foreign exchange (gain)/loss		(4,014,536)	13,169,603	-	-
Right-of-use asset written-off	4	2,009	6,695	-	-
Remeasurement of lease liabilities		(2,188)	(7,112)	-	-
Finance costs	24	16,163,427	17,106,568	606	4,685
Finance income		(15,123)	(58,399)	(17,932)	(8,853)
Operating (loss)/profit before changes in working capital		(3,300,854)	(9,942,522)	(1,864,463)	2,578,082
(Increase)/Decrease in working capital:					
Inventories		516,047	8,462,898	-	-
Trade and other receivables		(24,807,684)	1,818,951	76,757,281	(14,895,958)
Trade and other payables		84,479,815	3,268,174	(105,438,049)	12,276,141
Cash generated from/(used in) operations		56,887,324	3,607,501	(30,545,231)	(41,735)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash generated from/(used in) operations		56,887,324	3,607,501	(30,545,231)	(41,735)
Tax paid		(658,047)	(332,360)	(2,502)	-
Interest received		15,123	58,399	17,932	8,853
Interest paid		(14,073,807)	(8,503,493)	(606)	(4,685)
Net cash generated from/(used in) operating activities		42,170,593	(5,169,953)	(30,530,407)	(37,567)
Cash flows from investing activities					
Proceeds from issuance of shares		29,936,430	-	29,936,430	-
Net cash outflow from deemed disposal of subsidiary company	7(b)	(147,445)	-	-	-
Net cash (outflow)/inflow from disposal of subsidiary companies	7(c)	(265,350)	-	8,470,001	-
Net proceeds from disposal of property, plant and equipment		-	113,160	-	113,160
Net cash generated from investing activities		29,523,635	113,160	38,406,431	113,160
Cash flows from financing activities					
Repayment of lease liabilities	31	(4,440)	(385,635)	-	(165,817)
Repayment of borrowings	31	(63,437,785)	(757,710)	-	-
Decrease in pledged deposits		191,511	4,703,588	-	-
Net cash (used in)/generated from financing activities		(63,250,714)	3,560,243	-	(165,817)
Net increase/(decrease) in cash and cash equivalents		8,443,514	(1,496,550)	7,876,024	(90,224)
Cash and cash equivalents at the beginning of the financial year		3,188,511	4,658,064	51,273	141,497
Effect of changes in exchange rate		68,126	26,997	-	-
Cash and cash equivalents at the end of the financial year		11,700,151	3,188,511	7,927,297	51,273
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		2,346,438	1,439,461	32,297	51,273
Cash held under Housing Development Accounts	11	1,311,908	1,516,589	-	-
Fixed deposits placed with licensed banks	12	8,041,805	423,972	7,895,000	-
		11,700,151	3,380,022	7,927,297	51,273
Less: Fixed deposits pledged with licensed banks	12	-	(191,511)	-	-
		11,700,151	3,188,511	7,927,297	51,273

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Company is a public limited liability company, incorporated under the Malaysian Companies Act, 1965 and is listed on the Main Board of Bursa Malaysia Securities Berhad.

The registered office of business of the Company is located at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The principal place of business of the Company is located at Lot 4.01, Level 4, IDCC Corporate Tower, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.

The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors dated 23 April 2022.

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in summary of significant accounting policies.

The financial statements of the Group and of the Company have been prepared on a going concern basis notwithstanding that:

- (a) As at 31 December 2021, the Group's and the Company's current liabilities exceeded its current assets by RM75,215,734 and RM195,790,858 respectively;
- (b) As disclosed in Note 16 to the financial statements, two subsidiary companies delayed the payment of their borrowing obligations during the financial year. The actions taken by the lenders are as follows:
 - (i) During the financial year, Magna Ecocity Sdn. Bhd. was in breach of certain terms and conditions of the loan facility following the non-crystallisation of the proposed disposal of the leasehold land to Mapletree Investments Pte Ltd. Arising thereon, an event of default has arisen and the lender is at liberty to enforce rights on the leasehold land; and
 - (ii) During the financial year, Twinicon (M) Sdn. Bhd. received a letter of demand from its financier on an event of default in term loan repayment.
- (c) As disclosed in Note 35 to the financial statements, the Group and the Company are involved in several pending litigations as follows:
 - (i) Claim on unpaid balances over income tax debt due to Lembaga Hasil Dalam Negeri;
 - (ii) Winding up petition against Magna Prima Berhad for a sum owing to a former subsidiary;
 - (iii) Winding up petition against a subsidiary company for unpaid electricity charges due to Tenaga Nasional Berhad;
 - (iv) Claim on alleged breach of a purported tenancy agreement against a subsidiary company; and
 - (v) Claim on work completed by contractors against a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. The ability of the Group and the Company to continue as going concerns are dependent on the continued support of their lenders and creditors, the timely successful launch and sales of its upcoming property development projects as well as the profitability of these projects, and the timely completion of the planned disposal of its non-current assets held for sale by the Group. The Group has also considered the possibility to monetise some of its land bank.

The financial statements of the Group and of the Company do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

Amendments to accounting standards that are effective for the Group's and the Company's financial year beginning on or after 1 January 2021 are as follows:

- Amendments to MFRS Standards arising from Interest Rate Benchmark Reform - Phase 2:
 - Amendments to MFRS 4, "Insurance Contracts"
 - Amendments to MFRS 7, "Financial Instruments: Disclosures"
 - Amendments to MFRS 9, "Financial Instruments"
 - Amendments to MFRS 16, "Leases"
 - Amendments to MFRS 139, "Financial Instruments: Recognition and Measurement"

The above amendments to accounting standards effective during the financial year do not have any significant impact to the financial results and position of the Group and of the Company.

The Group and the Company early adopted amendment to MFRS 16, "Leases" (COVID-19-Related Rent Concessions beyond 30 June 2021) which exempts lessees from having to determine whether rent concessions on individual lease contracts as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications.

Accounting standard and amendments to accounting standards that are applicable for the Group and the Company in the following periods but are not yet effective:

Annual periods beginning on/after 1 January 2022

- Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)
- Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)
- Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)
- Annual Improvement to MFRS Standards 2018 - 2020:
 - Amendment to MFRS 1, "First-time Adoption of Malaysian Financial Reporting Standards"
 - Amendment to MFRS 9, "Financial Instruments"
 - Amendment to Illustrative Examples accompanying MFRS 16, "Leases"
 - Amendment to MFRS 141, "Agriculture"

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

Annual periods beginning on/after 1 January 2023

- MFRS 17, “Insurance Contracts”
- Amendments to MFRS 17, “Insurance Contracts”
- Amendments to MFRS 101, “Presentation of Financial Statements” (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101, “Presentation of Financial Statements” (Disclosure of Accounting Policies)
- Amendments to MFRS 108, “Accounting Policies, Changes in Accounting Estimates and Errors” (Definition of Accounting Estimates)
- Amendments to MFRS 112, “Income Taxes” (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

Effective date yet to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10, “Consolidated Financial Statements” and MFRS 128, “Investments in Associates and Joint Ventures” (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The adoption of the accounting standard and amendments to accounting standards are not expected to have any significant impact to the financial statements of the Group and of the Company.

2.2 Functional and presentation currency

Items included in the financial statements of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group’s accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

(i) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. Significant judgement is required in determining fair value which may be derived based on different valuation methods. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The Group engaged an independent valuation specialist to determine fair value as at the end of each reporting period.

(ii) Measurement of expected credit loss allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group’s and the Company’s past history, existing market conditions as well as forward looking estimates at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.3 Significant accounting estimates and judgements (Continued)

(iii) Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group reviews the investment properties and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all the economic benefits embodied in the investment properties over time. Therefore, in making judgement, the management has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred tax liabilities on changes in fair values of investment properties based on the expected rate that would apply on disposal of the investment properties.

(iv) Estimation of liquidated and ascertained damages

As at the end of the reporting period, there were performance penalties for liquidated and ascertained damages ("LAD") in respect of the projects undertaken by the Company recognised as contract liabilities. The Company estimates the expected LAD claims based on the terms of the applicable sale and purchase agreements. Significant judgement is required in estimating the most likely amount of contract liabilities for LAD to be made. The Company evaluates the amount of contract liabilities required based on past experience, industry norm and the results from continuous dialogues held with the affected purchasers who are seeking indulgence and extension of time to complete the affected projects and waive their LAD claim.

2.4 Basis of consolidation for subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.4 Basis of consolidation for subsidiaries (Continued)

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions. Any difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities, any non-controlling interests and other components of equity related to the disposed subsidiary. Any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained.

2.5 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

Gains and losses on disposals are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in net in the profit or loss.

(ii) Depreciation and impairment

Leasehold land is amortised on a straight-line method over the lease term. All other property, plant and equipment are depreciated on a straight-line method to allocate the cost to their residual values over their estimated useful lives as follows:

Leasehold land	99 years
Buildings	50 years
Plant and machinery	5 - 10 years
Furniture, fittings and equipment	5 - 13 years
Motor vehicles	5 years
Container store and cabin	5 - 10 years
Office renovation	10 years

Depreciation methods, useful lives and residual values are reviewed at end of each reporting period, and adjusted as appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount in accordance with accounting policy Note 2.8.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.7 Investment properties

(i) Investment properties carried at fair value

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

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs (refer to accounting policy Note 2.15 on capitalisation of borrowing costs).

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

An investment property is de-recognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Determination of fair value

The fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life, such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss unless it reverses a previous revaluation in which it is charged to the revaluation surplus. Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.9 Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

2.10 Cash and cash equivalents

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 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.

2.11 Land held for property development

Land held for property development consists of land held for future development activities where no significant development has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current assets and is stated at cost less any accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 2.8.

Land held for property development is reclassified as inventories - properties under development when the development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

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

2.12 Inventories

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development costs comprise cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, sold properties are recognised in profit or loss and unsold properties are transferred to developed properties held for sale.

Developed properties held for sale

Developed properties which represent completed units held for sale are stated at the lower of cost and net realisable value. Cost consist of costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

2.13 Contingent assets and contingent liabilities

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.14 Operating segments

Operating segments are reported in a manner consistent with the internal reporting and are regularly reviewed by the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

2.15 Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2.17 Foreign currencies

(i) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rates at the date when the fair value was determined. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss, except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income.

(ii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency of the consolidated financial statements are translated into the presentation currency as follows:

- assets and liabilities of foreign operations are translated at the closing rate prevailing at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income presented are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken directly to other comprehensive income through the translation reserve.

On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.17 Foreign currencies (Continued)

(ii) Foreign operations (Continued)

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income through the translation reserve.

2.18 Equity instruments

(i) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(ii) Treasury shares

Where the Company or its subsidiaries purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental external costs, net of tax, is included in equity attributable to the Company's equity holders as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, are included in equity attributable to the Company's equity holders.

2.19 Revenue and income recognition

(i) Revenue from contracts with customers

Revenue is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfers the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and its customer have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Property development and construction activities

Revenue from property development and construction activities is recognised when or as the control of the asset is 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 Group's and the Company's performance:

- creates and enhances an asset that the customer controls as the Group and the Company performs; or
- do not create an asset with an alternative use to the Group and the Company and the Group and the Company has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.19 Revenue and income recognition (Continued)

(i) Revenue from contracts with customers (Continued)

Property development and construction activities (Continued)

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

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's and the Company's performance in satisfying the performance obligation:

- the Group's and the Company's effort or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract); or
- direct measurements of the value transferred by the Group and the Company to the customer (e.g. surveys or appraisals of performance completed to date).

Incremental costs of obtaining a contract, if recoverable, are capitalised as contract cost assets and are subsequently amortised consistently with the pattern of revenue for the related contract.

(ii) Other revenue and income

Revenue and income from other sources are recognised as follows:

Rental income

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

Interest income

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

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.21 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”); and
- Fair value through profit or loss (“FVTPL”)

The classification depends on the Group’s business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(iii) Subsequent measurement

Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three subsequent measurement categories, depending on the Group’s business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI

Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets’ cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (“OCI”) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method in profit or loss.

- FVTPL

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.21 Financial assets (Continued)

(iii) Subsequent measurement (Continued)

Equity instruments

The Group subsequently measures all its equity investments at fair value. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in OCI as these are strategic investments and the Group considers this to be more relevant.

Movements in fair values of investments classified as FVOCI are recognised in OCI. Dividends from equity investments are recognised in profit or loss when the Group's and Company's right to receive payments is established.

(iv) Impairment

The Group and the Company assess expected credit losses associated with its debt instruments carried at amortised cost and at FVOCI on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

For trade receivables and contract assets, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

In measuring expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking factors affecting the ability of the customers to settle the receivables.

The Group and the Company define a financial instrument as default, which is aligned with the definition of credit-impaired, when the debtor meets unlikelihood to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- The debtor is in breach of financial covenants
- Concessions have been made by the Group and the Company related to the debtor's financial difficulty
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- The debtor is insolvent

Financial assets that are credit-impaired are assessed for impairment on an individual basis.

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)**2.22 Financial liabilities**

Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

All financial liabilities are subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

2.23 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.24 Employee benefits**(i) Short-term employee benefits**

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss in the period to which they relate.

2.25 Leases**(i) Accounting by lessee**

Leases are recognised as right-of-use assets and a corresponding liability at the commencement date on which the leased asset is available for use by the Group and the Company.

In determining the lease term, the Group and the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension or termination options are taken into consideration in determining the lease term if it is reasonably certain that the lease will be extended or terminated.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of Preparation and Significant Accounting Policies (Continued)

2.25 Leases (Continued)

(i) Accounting by lessee (Continued)

Right-of-use assets are subsequently measured at cost, less accumulated depreciation and impairment loss. The right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company is reasonably certain that it will exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Short-term leases are leases with a lease term of 12 months or less. Payments associated with short-term leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor - Operating lease

The Group and the Company classify a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognises lease payments received under operating leases as lease income on a straight-line basis over the lease term.

3. Property, Plant and Equipment

	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
Group								
2021								
Cost								
At 1.1.2021	29,799	110,113	186,798	485,992	203,000	6,600	325,723	1,348,025
Disposal of subsidiaries	(29,799)	(110,113)	(45,892)	-	-	(6,600)	-	(192,404)
At 31.12.2021	-	-	140,906	485,992	203,000	-	325,723	1,155,621
Accumulated depreciation								
At 1.1.2021	8,104	55,198	178,220	453,679	203,000	4,235	155,691	1,058,127
Charge for the financial year	320	2,172	2,370	18,036	-	660	32,572	56,130
Disposal of subsidiaries	(8,424)	(57,370)	(40,041)	-	-	(4,895)	-	(110,730)
At 31.12.2021	-	-	140,549	471,715	203,000	-	188,263	1,003,527
Carrying amount								
At 31.12.2021	-	-	357	14,277	-	-	137,460	152,094

NOTES TO THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment (Continued)

	Leasehold land RM	Buildings RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Container store and cabin RM	Office renovation RM	Total RM
Group								
2020								
Cost								
At 1.1.2020	29,799	110,113	186,798	485,992	733,368	6,600	325,723	1,878,393
Written-off	-	-	-	-	(530,368)	-	-	(530,368)
At 31.12.2020	29,799	110,113	186,798	485,992	203,000	6,600	325,723	1,348,025
Accumulated depreciation								
At 1.1.2020	7,785	53,027	175,261	426,363	583,097	3,575	123,119	1,372,227
Charge for the financial year	319	2,171	2,959	27,316	79,555	660	32,572	145,552
Written-off	-	-	-	-	(459,652)	-	-	(459,652)
At 31.12.2020	8,104	55,198	178,220	453,679	203,000	4,235	155,691	1,058,127
Carrying amount								
At 31.12.2020	21,695	54,915	8,578	32,313	-	2,365	170,032	289,898

	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Company			
2021			
Cost			
At 1.1.2021/31.12.2021	6,600	-	6,600
Accumulated depreciation			
At 1.1.2021/31.12.2021	6,598	-	6,598
Carrying amount			
At 31.12.2021	2	-	2
2020			
Cost			
At 1.1.2020	6,600	530,368	536,968
Disposal	-	(530,368)	(530,368)
At 31.12.2020	6,600	-	6,600
Accumulated depreciation			
At 1.1.2020	6,381	380,097	386,478
Charge for the financial year	217	79,555	79,772
Disposal	-	(459,652)	(459,652)
At 31.12.2020	6,598	-	6,598
Carrying amount			
At 31.12.2020	2	-	2

NOTES TO THE FINANCIAL STATEMENTS

4. Right-of-Use Assets

	Group	
	2021 RM	2020 RM
Cost		
At 1 January	545,156	72,307
Addition	-	490,926
Written-off	(18,077)	(18,077)
At 31 December	527,079	545,156
Accumulated depreciation		
At 1 January	252,757	32,136
Charge for the financial year	249,480	232,003
Written-off	(16,068)	(11,382)
At 31 December	486,169	252,757
Carrying amount		
At 31 December	40,910	292,399

5. Investment Properties

	← At fair value →			Total RM
	Building RM	Freehold land RM	Leasehold land RM	
Group				
2021				
At 1 January	-	369,650,000	7,519,000	377,169,000
Disposal of subsidiary companies	-	-	(7,519,000)	(7,519,000)
At 31 December	-	369,650,000	-	369,650,000
2020				
At 1 January	143,600,000	369,650,000	7,519,000	520,769,000
Transferred to non-current assets held for sale (Note 13)	(143,600,000)	-	-	(143,600,000)
At 31 December	-	369,650,000	7,519,000	377,169,000

Freehold land with a carrying amount of RM369,650,000 (2020: RM369,650,000) have been pledged to a financier to secure banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

Fair value information

Investment properties are stated at fair value, which has been determined based on valuations performed by an independent valuer, PPC International Sdn. Bhd.. The independent valuer specialises in valuing these types of investment properties. The fair value of the properties has been determined using comparison method depending on the nature of the properties. The comparison method entails comparing the properties with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.

NOTES TO THE FINANCIAL STATEMENTS

5. Investment Properties (Continued)

Fair value information (Continued)

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted prices in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly, or indirectly.
- Level 3 : Inputs for the asset or liability that is not based on observable market data.

Fair value hierarchy of the investment properties are as follows:

	Level 2	
	2021 RM	2020 RM
Freehold land	369,650,000	369,650,000
Leasehold land	-	7,519,000
	<u>369,650,000</u>	<u>377,169,000</u>

6. Land Held for Property Development

	Freehold land RM	Leasehold land RM	Development expenditure RM	Total RM
Group				
2021				
At 1 January/31 December	48,479,360	44,360,782	27,074,600	119,914,742
2020				
At 1 January	48,479,360	100,000,000	46,252,153	194,731,513
Transferred from inventories - Properties under development (Note 10)	-	44,360,782	10,454,290	54,815,072
Transferred to non-current assets held for sale (Note 13)	-	(100,000,000)	(29,631,843)	(129,631,843)
At 31 December	48,479,360	44,360,782	27,074,600	119,914,742

Land held for property development with a carrying amount of RM114,251,900 (2020: RM114,251,900) has been pledged to licensed banks to secure banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

As at 31 December 2021, the Group's inventories of Nil (2020: RM54,815,072) has been reclassified from inventories - properties under development to land held for property development as the development is not expected to be realised within the normal operating cycle.

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Subsidiary Companies

Company	In Malaysia RM	Outside Malaysia RM	Total RM
2021			
Unquoted shares, at cost			
At 1 January	56,549,909	99,460,398	156,010,307
Disposal of subsidiary companies	(16,347,746)	-	(16,347,746)
	40,202,163	99,460,398	139,662,561
Impairment loss	(18,607,268)	(8,856,698)	(27,463,966)
	21,594,895	90,603,700	112,198,595
Advances to subsidiary companies treated as quasi-investment	403,985,912	-	403,985,912
At 31 December	425,580,807	90,603,700	516,184,507
2020			
Unquoted shares, at cost			
At 1 January	56,549,907	99,460,400	156,010,307
Impairment loss	(32,165,525)	(8,856,698)	(41,022,223)
	24,384,382	90,603,702	114,988,084
Advances to subsidiary companies treated as quasi-investment	484,370,954	-	484,370,954
At 31 December	508,755,336	90,603,702	599,359,038

	Company	
	2021 RM	2020 RM
Represented by:		
Ordinary shares	112,197,595	114,987,084
Redeemable preference shares	1,000	1,000
	112,198,595	114,988,084

The movement on the Company's impairment loss on investment in subsidiary companies are as follows:

	Company	
	2021 RM	2020 RM
At 1 January	41,022,223	28,613,327
Additions during the financial year	-	12,408,896
Disposal of subsidiary companies	(13,558,257)	-
At 31 December	27,463,966	41,022,223

The advances to subsidiary companies are non-trade in nature, unsecured and interest free. The settlement is neither planned or likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiary companies as this amount is, in substance, a part of the Company's net investment in the subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Subsidiary Companies (Continued)

(a) The subsidiary companies and shareholdings therein are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%)		Principal activities
		2021	2020	
Dunia Epik Sdn. Bhd.	Malaysia	-	100	Civil engineering and building construction
Magna Prima Construction Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna Prima Development Sdn. Bhd.	Malaysia	100	100	Property development and provision of management services
Crossborder Team (M) Sdn. Bhd.	Malaysia	100	100	Property development
Everhall (M) Sdn. Bhd.	Malaysia	100	100	Property investment
33 Sentral Park Sdn. Bhd.	Malaysia	100	100	Property development
Twinicon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Winicon (M) Sdn. Bhd.	Malaysia	-	100	Property development and provision of management services
Magna Mix Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in ready mixed concrete
Prima Awan (M) Sdn. Bhd.	Malaysia	100	100	Property management
Pembinaan Contamaju-Infocast Sdn. Bhd.	Malaysia	100	100	Civil engineering and building construction
Magna City Shah Alam Sdn. Bhd.	Malaysia	100	100	Property development
Magna City Development Sdn. Bhd.	Malaysia	-	100	Property development
Permata Juang (M) Sdn. Bhd.	Malaysia	100	100	Property development
Monetary Icon (M) Sdn. Bhd.	Malaysia	100	100	Property development
Magna Prima Australia Pty. Ltd.*	Australia	100	100	Property development
Pavilion Uptrend Sdn. Bhd.	Malaysia	70	70	Property development and property investment
Subsidiary of Dunia Epik Sdn. Bhd.				
Magna Park (Mentakab) Sdn. Bhd.	Malaysia	-	100	Civil engineering and building construction
Subsidiaries of Magna Prima Development Sdn. Bhd.				
Magna Park Sdn. Bhd.	Malaysia	100	100	Investment holding and property development
Magna Ecocity Sdn. Bhd.	Malaysia	70	70	Property development

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Subsidiary Companies (Continued)

(a) The subsidiary companies and shareholdings therein are as follows: (Continued)

Name of companies	Country of incorporation/ Principal place of business	Effective ownership and voting interest (%)		Principal activities
		2021	2020	
Subsidiary of Magna Prima Construction Sdn. Bhd.				
MPrima (Shah Alam) Sdn. Bhd.	Malaysia	100	100	Construction and project management
Subsidiaries of Winicon (M) Sdn. Bhd				
Ibsul Development (Sel) Sdn. Bhd.	Malaysia	-	100	Property development and property investment
Subsidiaries of Magna Park Sdn. Bhd.				
Embassy Court Sdn. Bhd.	Malaysia	100	100	Property development
Amanabina Sdn. Bhd.	Malaysia	100	100	Property development and project management services

* The audited financial statements for the financial year ended 31 December 2021 of the subsidiary company are not available at the date of the financial statements of the Group as it is not required by the local legislations to have its financial statements audited. However, the Directors are of the opinion that the financial results of the subsidiary company are not material to the Group as the subsidiary company is dormant. Hence, the management accounts of the said subsidiary for the financial year ended 31 December 2021 have been used for consolidation purpose.

(b) Deemed disposal of a subsidiary company - Magna City Development Sdn. Bhd. ("MCD")

On 25 August 2021, a winding up court order issued by the High Court of Malaya at Kuala Lumpur was served against MCD following the winding up petition initiated by a purchaser for unpaid liquidated ascertained damages, and a Receiver will be appointed as Liquidator arising thereon. Accordingly, the Group has lost control over MCD and is deemed to have disposed of MCD effective from the even date.

The effect of the deemed disposal of MCD to the Group for the financial year is as follows:

	Group 2021 RM
Inventories	43,172,732
Other receivables	18,024,213
Cash held under Housing Development Account	310
Cash and bank balances	147,135
Trade payables	(2,143,208)
Other payables	(33,528,653)
Current tax liabilities	(27,173,864)
Net liabilities disposed off	(1,501,335)
Less: Gain on deemed disposal of MCD	1,501,335
Net proceeds from deemed disposal of MCD	-
Less: Cash and cash equivalents	(147,445)
Net cash outflow from deemed disposal of MCD	(147,445)

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Subsidiary Companies (Continued)

(b) Deemed disposal of a subsidiary company - Magna City Development Sdn. Bhd. ("MCD") (Continued)

The effect of the deemed disposal of MCD to the Company for the financial year is as follows:

	Company 2021 RM
Investment in subsidiary company, net	2,789,487
Less: Loss on deemed disposal of subsidiary company	(2,789,487)
Net cash proceeds from deemed disposal of subsidiary company	<u>-</u>

(c) Disposal of a subsidiary companies - Dunia Epik Group ("DE Group")

On 1 November 2021, Magna Prima Berhad ("MPB") disposed its entire equity interest in Winicon (M) Sdn. Bhd. ("WIN") to Dunia Epik Sdn. Bhd. ("DE") for a consideration of RM8,470,000 through intercompany set-off Nil balance as at year end. Accordingly, WIN and its immediate subsidiary, Ibsul Development (Sel) Sdn. Bhd. ("IBD") ceased to be direct subsidiaries of MPB.

On 29 December 2021, MPB entered into a share sale agreement with a third party to dispose its entire equity interests in DE for a cash consideration of RM1. Arising thereon, DE and its immediate subsidiaries, namely WIN, IBD and Magna Park (Mentakab) Sdn. Bhd. (collectively known as "DE Group") ceased to be subsidiaries of the Group.

The effect of the disposal of DE Group to the Group for the financial year is as follows:

	Group 2021 RM
Investment property	7,519,000
Property, plant and equipment	81,674
Other receivables	26,710,841
Cash and cash equivalents	265,351
Trade payables	(8,160,014)
Intercompany payables	(12,643,319)
Other payables	(16,583,460)
Current tax liabilities	(15,802,949)
Deferred tax liabilities	(131,020)
Net liabilities disposed off	<u>(18,743,896)</u>
Less: Gain on disposal of DE Group	18,743,897
Net proceeds from disposal of DE Group	<u>1</u>
Less: Cash and cash equivalents	(265,351)
Net cash outflow from disposal of DE Group	<u>(265,350)</u>

The effect of the disposal of DE Group to the Company for the financial year is as follows:

	Company 2021 RM
Investment in subsidiary companies, net	2
Add: Gain on disposal of subsidiary companies	8,469,999
Net cash proceeds from disposal of subsidiary companies	<u>8,470,001</u>

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Subsidiary Companies (Continued)

(d) Non-controlling interests ("NCI") in a subsidiary company

	Magna Ecocity Sdn. Bhd.	
	2021 RM	2020 RM
Current assets	88,039	3,084
Non-current asset held for sale	129,631,843	129,631,843
Current liabilities	(132,282,957)	(126,791,159)
Net assets	(2,563,075)	2,843,768
Carrying amount of NCI as at 31 December	(768,923)	853,130
Loss/Total comprehensive loss for the financial year	(5,406,844)	(4,427,846)
Loss/Total comprehensive loss allocated to NCI for the financial year	(1,622,053)	(1,328,354)
Cash generated from/(used in) operating activities	9,413,421	(528,013)
Cash (used in)/generated from financing activities	(9,408,466)	529,239
Net increase in cash and cash equivalents	4,955	1,226
Ownership interest and voting rights percentage held by NCI	30%	30%

The remaining non-controlling interest of the Group is individually immaterial.

8. Trade and Other Receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	7,271,408	7,554,164	-	-
Less: Expected credit loss allowance	(4,769,754)	(5,549,635)	-	-
	2,501,654	2,004,529	-	-
Other receivables	8,632,605	9,110,276	5,805,232	2,177,471
Less: Expected credit loss allowance	(6,736,640)	(6,812,211)	(5,276,904)	(1,741,267)
	1,895,965	2,298,065	528,328	436,204
Deposits	442,249	1,743,265	22,647	22,647
Less: Expected credit loss allowance	(152,883)	(489,041)	(2,430)	(2,430)
	289,366	1,254,224	20,217	20,217
Prepayments	109,535	346,406	-	-
Contract assets (Note 15)	-	894,000	-	-
	4,796,520	6,797,224	548,545	456,421
<i>Analysed as:</i>				
Current				
Trade receivables	2,501,654	2,004,529	-	-
Other receivables	1,895,965	2,298,065	528,328	436,204
Deposits	289,366	1,254,224	20,217	20,217
Prepayments	109,535	346,406	-	-
Contract assets (Note 15)	-	894,000	-	-
	4,796,520	6,797,224	548,545	456,421

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and Other Receivables (Continued)

(a) Trade receivables

The Group's trade credit terms range from 30 to 120 days (2020: 30 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

The ageing analysis of trade receivables are as follows:

	Group	
	2021 RM	2020 RM
Neither past due or impaired	1,572,842	2,949
1 - 90 days past due but not impaired	928,812	-
91 - 180 days past due but not impaired	-	36,075
181 - 365 days past due but not impaired	-	-
More than 365 days past due but not impaired	-	1,965,505
	928,812	2,001,580
Individually impaired	4,769,754	5,549,635
	7,271,408	7,554,164

The Group's trade receivables of RM4,769,754 (2020: RM5,549,635) were individually impaired, mainly relate to trade customers which are facing difficulties in cash flows. As at 31 December 2021, the expected credit loss allowance on trade receivables is RM4,769,754 (2020: RM5,549,635).

The Group's trade receivables amounting to RM928,812 (2020: RM2,001,580) were past due at the reporting date but not impaired. The balances consist of amount owing by the purchasers where the Group has a corresponding payable amount relating to the payment of liquidated and ascertained damages classified as contract liabilities as disclosed in Note 15(b) to the financial statements.

(b) Movements of expected credit loss allowances on trade receivables, other receivables and deposits are as follows:

	Trade receivables RM	Group Other receivables RM	Deposits RM
2021			
As 1 January	5,549,635	6,812,211	489,041
Charged during the financial year	-	3,535,637	-
Reversal during the financial year	-	(2,890,749)	-
Disposal of subsidiary companies	(779,881)	(720,459)	(336,158)
	(779,881)	(75,571)	(336,158)
At 31 December	4,769,754	6,736,640	152,883
2020			
As 1 January	5,915,297	6,008,868	429,975
Charged during the financial year	-	803,343	123,590
Reversal during the financial year	(365,662)	-	(64,524)
	(365,662)	803,343	59,066
At 31 December	5,549,635	6,812,211	489,041
Represented by:			
2021			
Individual impairment	4,769,754	6,736,640	152,883
2020			
Individual impairment	5,549,635	6,812,211	489,041

NOTES TO THE FINANCIAL STATEMENTS

8. Trade and Other Receivables (Continued)

- (b) Movements of expected credit loss allowances on trade receivables, other receivables and deposits are as follows (continued):

	Company	
	Other receivables RM	Deposits RM
2021		
As 1 January	1,741,267	2,430
Charged during the financial year	3,535,637	-
At 31 December	5,276,904	2,430
2020		
As 1 January	1,741,267	59,654
Reversal during the financial year	-	(57,224)
At 31 December	1,741,267	2,430
Represented by:		
2021		
Individual impairment	5,276,904	2,430
2020		
Individual impairment	1,741,267	2,430

- (c) Contract cost assets

Contract cost assets represent incidental costs of obtaining a contract with customers. In the course of the Group's property development activities, the Group incurs sales commission in conducting sales. The movement on the contract cost assets during the financial year is as follows:

	Group	
	2021 RM	2020 RM
At 1 January	-	375,313
Addition during the financial year	-	140,000
Amortised during the financial year	-	(515,313)
At 31 December	-	-

9. Deferred Taxation

Movements of the net deferred tax liabilities are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	(20,850,384)	(24,903,434)	-	-
Recognised in profit or loss (Note 25):				
- provisions	-	(795,895)	-	-
- investment properties	-	4,917,717	-	-
	-	4,121,822	-	-
Disposal of subsidiary companies	131,020	-	-	-
Exchange differences	21,013	(68,772)	-	-
At 31 December	(20,698,351)	(20,850,384)	-	-

NOTES TO THE FINANCIAL STATEMENTS

9. Deferred Taxation (Continued)

The components of deferred tax liabilities of the Group and the Company during the financial year prior to offsetting are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred tax liabilities:				
- provisions	(777,481)	(929,514)	-	-
- investment properties	(19,920,870)	(19,920,870)	-	-
Net deferred tax liabilities	(20,698,351)	(20,850,384)	-	-

Deferred tax assets have not been recognised for the following items:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deductible temporary differences	61,134,211	57,855,113	3,539,487	4,488
Unutilised tax losses	99,563,754	97,893,058	4,035,486	3,699,522
	160,697,965	155,748,171	7,574,973	3,704,010
Deferred tax assets not recognised at 24% (2020: 24%)	38,567,512	37,379,561	1,817,994	888,962

The Group's unutilised tax losses brought forward from year of assessment 2018 and before, can be carried forward for 10 consecutive year of assessment (i.e. from year of assessments 2018 to 2028). Unutilised tax losses from year of assessment 2019 onward can be carry forward for a maximum period of 10 consecutive years.

10. Inventories

	Group	
	2021 RM	2020 RM
Developed properties held for sale	2,205,626	45,914,406

Movements of developed properties held for sale are as follows:

	Group	
	2021 RM	2020 RM
At 1 January	45,914,406	52,841,183
Repossession of developed properties *	-	344,542
Sale of properties	(536,048)	(8,598,947)
Transferred from properties under development	-	1,327,628
Disposal of a subsidiary company	(43,172,732)	-
At 31 December	2,205,626	45,914,406

* Repossession of developed properties relates to the cancellation of the SPA of a property sold pursuant to the failure of the purchaser to settle the balance obligation due to the Group. Accordingly, cost of sales amounting to Nil (2020: RM344,542) was reversed as disclosed in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

10. Inventories (Continued)

Movements of properties under development are as follows:

	Note	Group	
		2021 RM	2020 RM
Leasehold land, at cost		-	44,360,782
Development costs		-	14,236,269
At 1 January		-	58,597,051
Cost incurred during the financial year			
Development costs		-	2,855,460
Cumulative costs recognised in profit or loss			
At 1 January		-	(2,245,858)
Recognised during the financial year		-	(3,063,953)
At 31 December		-	(5,309,811)
Transferred to developed properties held for sale			
Development costs		-	(1,327,628)
Transferred to land held for property development	6		
Leasehold land, at cost		-	(44,360,782)
Development costs		-	(10,454,290)
		-	(54,815,072)
At 31 December		-	-

11. Cash Held under Housing Development Accounts

Cash held under the Housing Development Accounts represents monies received from purchasers of properties less payments or withdrawals in accordance with the Housing Development (Control and Licensing) Act 1966. The effective interest rate ranges from 0.25% to 0.70% (2020: 0.25% to 2.12%).

12. Fixed Deposits Placed with Licensed Banks

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed deposits placed with licensed banks	8,040,071	391,401	7,895,000	-
Other short term deposits	1,734	32,571	-	-
	8,041,805	423,972	7,895,000	-

Included in fixed deposits placed with licensed banks of the Group at the end of the financial year was an amount of Nil (2020: RM191,511) which have been pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

The effective interest rates and maturities of fixed deposits range from 1.05% to 1.50% (2020: 2.04% to 3.10%) per annum and 1 to 365 days (2020: 1 to 366 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS

13. Non-Current Assets Held for Sale

	Building RM	Leasehold land RM	Development expenditure RM	Total RM
Group Cost				
At 1 January/31 December 2021	143,600,000	100,000,000	29,631,843	273,231,843
Accumulated impairment loss				
At 1 January/31 December 2021	89,570,000	-	-	89,570,000
Carrying amount				
At 1 January/31 December 2021	54,030,000	100,000,000	29,631,843	183,661,843
	(Note a)	(Note b)	(Note b)	

- (a) In previous financial year, the Group has classified the supermarket and shopping mall as non-current asset held for sale following the receipt of an offer to purchase from an interested buyer. The sale transaction was completed on 16 February 2022 following the successful assignment of rights, titles and interest over the property to the buyer. As such, the property continued to be classified as non-current asset held for sale as of the financial year end.
- (b) The Group has classified its leasehold land and development expenditure as non-current asset held for sale following the appointment of a Receiver and Manager on 17 July 2020 to coordinate and facilitate the disposal of the said land. Notwithstanding that the disposal did not materialise during the financial year, the Group has entered into a Joint Venture Agreement (“JVA”) with OCR Avenue Sdn. Bhd. (“OCR Avenue”) to fund and undertake the development of its leasehold land. Pursuant to the JVA, OCR Avenue has full and absolute discretion in the planning, construction, project management and sale of the entire development project. In return, MESB is entitled to a total sum of RM160,000,000 (“Minimum Entitlement”), and the differential sum between 30% of the development profit and the Minimum Entitlement of RM160,000,000, if any. As such, the leasehold land and development expenditure continues to be classified as non-current asset held for sale.
- (c) Included in non-current assets held for sale is an amount of RM183,661,843 (2020: RM183,661,843) which have been pledged to licensed banks to secure banking facilities granted to the Group as disclosed in Note 16 to the financial statements.

14. Trade and Other Payables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade payables	11,511,140	15,178,663	-	-
Retention sum payables	2,884,740	6,591,089	-	-
	14,395,880	21,769,752	-	-
Amount owing to subsidiary companies	-	-	189,833,124	296,423,884
Other payables	112,777,693	46,765,591	6,401,551	5,276,786
Refundable deposits	1,480,354	6,322,804	-	-
Accruals	3,055,004	6,548,228	81,817	53,871
Contract liabilities (Note 15)	1,725,596	18,721,885	-	-
	133,434,527	100,128,260	196,316,492	301,754,541

- (a) Trade payables

The Group’s trade credit terms range from 30 to 120 days (2020: 30 to 120 days).

Included in trade payables is an amount of RM1,522,457 (2020: RM1,602,247) which relates to the certified value of contract charged by a company in which a Director has substantial financial interest.

NOTES TO THE FINANCIAL STATEMENTS

14. Trade and Other Payables (Continued)

- (b) Amount owing to subsidiary companies

Amount owing to subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand.

- (c) Included in other payables:

- (i) of the Group is a differential sum arising from land acquisition and accrued interest thereon amounting to RM1,102,083 (2020: RM1,102,083) and RM4,160,156 (2020: RM4,066,479) respectively owing to a company with a common shareholder. The differential sum bears an interest rate of 8.5% (2020: 8.5%) per annum;
- (ii) of the Group and the Company is an amount of RM3,609,318 (2020: RM3,609,318) owing to a former subsidiary company arising from the deemed disposal in previous financial year;
- (iii) of the Group is an amount of RM58,912,772 (2020: RM1,120,000) which relates to the advance consideration received from the buyer of the non-current assets held for sale as disclosed in Note 13(a) to the financial statements; and
- (iv) of the Group and the Company is accrued tax penalty and interest thereon amounting to RM13,222,684 (2020: RM12,036,790) and RM1,012,339 (2020: Nil) respectively.

- (d) Included in refundable deposits of the Group are booking fees received from:

- (i) a company in which a Director has substantial financial interest amounting to RM1,000,000 (2020: RM1,000,000).

15. Contract Assets and Liabilities

The analysis of the Group's contract assets and liabilities are as follows:

	Note	Group 2021 RM	Group 2020 RM
Contract assets			
- Property development: accrued billing	(a)	-	894,000
Contract liabilities			
- Property development: liquidated and ascertained damages	(b)	(1,725,596)	(18,721,885)
		<u>(1,725,596)</u>	<u>(17,827,885)</u>

- (a) Movement in contract assets relating to property development activities is as follows:

	Group 2021 RM	Group 2020 RM
At 1 January	894,000	408,275
Revenue recognised during the financial year	-	8,760,325
Less: Billing during the financial year	(894,000)	(8,274,600)
	<u>(894,000)</u>	<u>485,725</u>
At 31 December	-	894,000

NOTES TO THE FINANCIAL STATEMENTS

15. Contract Assets and Liabilities (Continued)

- (b) Liquidated and ascertained damages are performance penalties in respect of late delivery of the projects undertaken by the Group. The contract liabilities have been recognised based on the expected liquidated and ascertained damages claims arising from the applicable terms and conditions stated in the SPA. Movement in contract liabilities relating to liquidated and ascertained damages is as follows:

	Group	
	2021 RM	2020 RM
At 1 January	18,721,885	20,001,570
Payment	-	(3,859,643)
Deemed disposal of a subsidiary company	(16,996,289)	-
Net changes to the estimation of liquidated and ascertained damages, recognised as net revenue pursuant to MFRS15	-	2,579,958
At 31 December	1,725,596	18,721,885

16. Borrowings

	Group	
	2021 RM	2020 RM
Non-Current		
Term loans - secured	19,816,061	21,668,000
Current		
Term loans - secured	127,399,699	187,010,637
	147,215,760	208,678,637

The above credit facilities obtained are secured on the following:

- (a) Assignment of surplus fund in the Housing Development Account of certain subsidiary companies;
- (b) Assignment of Project Account for development of certain subsidiary companies;
- (c) Trade financing general agreement;
- (d) Letter of negative pledge;
- (e) Blanket counter indemnity;
- (f) Fixed charge and private caveat on investment properties and certain parcels of development freehold and leasehold land as stated in Note 5, Note 6, and Note 13 to the financial statements;
- (g) A registered debenture covering a first fixed and floating charge for RM216,000,000 (2020: RM267,888,800) on all current and future assets of certain subsidiary companies;
- (h) Corporate guarantee for the subsidiary companies' borrowings by the Company; and
- (i) Personal guarantee by one of the Directors.

The range of effective interest rates are as follows:

	2021 %	2020 %
Term loans	6.74 - 8.56	6.40 - 8.75

During the financial year, two subsidiary companies (2020: three subsidiary companies), Magna Ecocity Sdn. Bhd. ("MESB"), and Twinicon (M) Sdn. Bhd. ("TSB") (2020: MESB, TSB and Everhall (M) Sdn. Bhd.) had defaulted in the repayment of their borrowing obligations. Accordingly, the total outstanding term loan amount of RM131,079,870 (2020: RM168,855,103) has been classified as current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

16. Borrowings (Continued)

In previous year, a Receiver and Manager was appointed to coordinate the disposal of MESB's pledged leasehold land following MESB's failure to repay its borrowing obligation.

On 2 August 2021, MESB entered into a quadripartite agreement with Alliance Bank, Receiver and Manager and Magna Prima Berhad on the re-floatation with reservation of right for re-appointment of a Receiver and Manager, subject to fulfilment of certain conditions, including the execution of Sale and Purchase Agreement with an intended buyer by 31 October 2021. However, the transaction did not materialise and an event of default has arisen. The licensed bank subsequently issued a letter to MESB on 2 November 2021 to call upon the entire loan to be fully repaid.

During the financial year, TSB had obtained approval from its financier to defer the instalment repayment and reschedule and restructure ("R&R") its term loan facility. As at the end of reporting period, TSB has failed to fulfil the conditions of the said R&R. A demand letter was issued by the financier on 6 January 2022 to call upon the loan to be fully repaid.

Subsequent to the financial year, the financier had issued a revised R&R of the term loan facility on 28 January 2022.

Should the term loan be repaid based on its repayment schedule, the term loan is analysed as follows:

	2021	2020
	RM	RM
Repayable within one year	111,263,809	18,689,712
Repayable between one and five years	19,816,061	117,969,929
Repayable more than five years	-	32,195,462
	<u>131,079,870</u>	<u>168,855,103</u>

17. Lease Liabilities

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Repayable within twelve months	45,140	260,771	-	-
Repayable after twelve months	-	45,140	-	-
	<u>45,140</u>	<u>305,911</u>	<u>-</u>	<u>-</u>

18. Share Capital

	Group/Company			
	2021		2020	
	Number	Amount	Number	Amount
	of shares	RM	of shares	RM
Issued and fully paid				
At 1 January	334,912,640	121,008,885	334,912,640	121,008,885
Issuance of ordinary shares	66,525,400	29,936,430	-	-
At 31 December	<u>401,438,040</u>	<u>150,945,315</u>	<u>334,912,640</u>	<u>121,008,885</u>

During the financial year, the Company increased its issued and fully paid up share capital from RM121,008,885 comprising of 334,912,640 ordinary shares to RM150,945,315 comprising of 401,438,040 ordinary shares through the issuance of 66,525,400 new ordinary shares via private placement at issuance price of RM0.45 per ordinary share for working capital purposes. The newly issued ordinary shares ranked *pari-passu* in all respect with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

19. Treasury Shares

	Group/Company			
	2021	2020	2021	2020
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January/31 December	2,285,500	2,385,431	2,285,500	2,385,431

The shareholders of the Company had approved an ordinary resolution at the Annual General Meeting held on 20 May 2015 for the Company to repurchase its own shares up to 10% of the issued and paid-up capital of the Company. The Company had repurchased the following ordinary shares from the open market as follows:

Financial year	No. of ordinary shares	Average price per share RM	Total cost RM
2015	85,200	0.902	76,888
2016	2,200,300	1.049	2,308,543
	<u>2,285,500</u>		<u>2,385,431</u>

The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares and carried at cost in accordance with Section 127 of the Companies Act, 2016 in Malaysia. There has been no sale or cancellation of such shares as of to date.

20. Reserves

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable:				
Foreign currency translation reserve	(3,086,489)	860,495	-	-
Capital reserve	19,706,095	19,706,095	-	-
	16,619,606	20,566,590	-	-
Distributable:				
Retained profits	209,565,584	206,636,768	171,833,767	171,541,031
	<u>226,185,190</u>	<u>227,203,358</u>	<u>171,833,767</u>	<u>171,541,031</u>

(i) Foreign currency translation reserve

The foreign currency translation reserve represents an exchange difference arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

(ii) Capital reserve

Capital reserve represents a transfer from retained profits arising from the bonus issue of shares in a subsidiary company to non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

21. Revenue

Revenue recognised from contracts with customers is as follows:

	← Group →			Total RM
	Property development RM	Property management RM	Trading RM	
2021				
Residential properties	3,746,822	-	-	3,746,822
Sales of building material	-	-	2,501,652	2,501,652
	3,746,822	-	2,501,652	6,248,474
Timing of revenue recognition				
- at a point in time	3,746,822	-	2,501,652	6,248,474
2020				
Residential properties	3,473,802	-	-	3,473,802
Commercial properties	15,145,754	-	-	15,145,754
Property management fees	-	81,803	-	81,803
	18,619,556	81,803	-	18,701,359
Timing of revenue recognition				
- at a point in time	9,859,231	-	-	9,859,231
- over time	8,760,325	81,803	-	8,842,128
	18,619,556	81,803	-	18,701,359

	Company	
	2021 RM	2020 RM
Revenue recognised from other sources is as follows:		
- Management fees	-	3,890,425
Timing of revenue recognition		
- over time	-	3,890,425

Information on revenue recognised based on geographical regions is disclosed in Note 32 to the financial statements.

22. Cost of Sales

	Note	Group	
		2021 RM	2020 RM
Property development costs	10	-	3,063,953
Cost of inventory sold	10	536,048	8,598,947
Cost of sales for building material		2,452,600	-
Reversal of cost of sales	10	-	(344,542)
Over provision of construction costs in prior years		(38,807)	(2,115,013)
Others		310,111	356,741
		3,259,952	9,560,086

NOTES TO THE FINANCIAL STATEMENTS

23. Profit/(Loss) from Operations

Profit/(Loss) from operations is derived at after charging/(crediting):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration	149,750	166,000	51,000	46,000
Amortisation of contract cost assets	-	515,313	-	-
Net provision/(reversal) of expected credit loss allowance on:				
- trade receivables	-	(365,662)	-	-
- other receivables	3,535,637	803,343	3,535,637	-
- deposits	-	59,066	-	(57,224)
Impairment loss on investment in subsidiary companies	-	-	-	12,408,896
Depreciation of property, plant and equipment	56,130	145,552	-	79,772
Depreciation of right-of-use assets	249,480	232,003	-	-
Impairment loss on non-current assets held for sale	-	89,570,000	-	-
Right-of-use asset written off	2,009	6,695	-	-
Short term leases of:				
- equipment	476	8,142	-	755
- premises	-	45,761	-	11,666
Other receivables written off	-	44,772	-	-
(Gain)/Loss on deemed disposal of a subsidiary company	(1,501,335)	-	2,789,487	-
Gain on disposal of subsidiary companies	(18,743,897)	-	(8,469,999)	-
Unrealised foreign exchange (gain)/loss	(4,014,536)	13,169,603	-	-
Realised foreign exchange loss/(gain)	61	(195)	61	(195)
Gain on disposal of property, plant and equipment	-	(42,444)	-	(42,444)
Remeasurement of lease liabilities	(2,188)	(7,112)	-	-
Rental income	(378,500)	(360,600)	-	-
Finance income	(15,123)	(58,399)	(17,932)	(8,853)

24. Finance Costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Finance costs on:				
- term loans	15,003,052	16,482,180	-	-
- late payment	1,045,663	-	-	-
- land and other related cost	94,283	580,371	606	-
- lease liabilities	20,429	44,017	-	4,685
	16,163,427	17,106,568	606	4,685

NOTES TO THE FINANCIAL STATEMENTS

25. Taxation

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current taxation:				
- current year	24,343	931,965	5,002	-
- (over)/under provision in prior year	(360,649)	21,692,284	-	7,975,380
	(336,306)	22,624,249	5,002	7,975,380
Deferred taxation (Note 9):				
- origination and reversal of temporary differences	-	(4,121,822)	-	-
	(336,306)	18,502,427	5,002	7,975,380

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit/(loss) for the financial year. Taxation for other jurisdictions is calculated at the prevailing tax rates in the respective jurisdictions.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit/(Loss) before taxation	969,542	(133,701,778)	297,738	(9,806,750)
Taxation at statutory tax rate of 24% (2020: 24%)	232,690	(32,088,427)	71,457	(2,353,620)
Effect of different tax rates in other country	(240,710)	(799,831)	-	-
Non-taxable income	(145,176)	(92,336)	(2,037,103)	(13,733)
Non-deductible expenses	(87,139)	32,228,853	1,069,302	3,024,999
Change in unrecognised temporary differences (Over)/Under provision of current taxation in prior year	264,678	(2,438,116)	901,346	(657,646)
	(360,649)	21,692,284	-	7,975,380
Taxation for the financial year	(336,306)	18,502,427	5,002	7,975,380

26. Earnings/(Loss) per Share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the consolidated profit/(loss) attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2021 RM	2020 RM
Profit/(Loss) for the financial year attributable to owners of the Company	2,928,816	(150,874,906)
Weighted average number of ordinary shares issued	345,385,436	332,627,140
Basic earnings/(loss) per share (sen)	0.85	(45.36)

(b) Diluted earnings/(loss) per share

There is no diluted earnings/(loss) per share as the Company does not have any dilutive potential ordinary shares as at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

27. Key Management Personnel Compensation

The key management personnel compensation is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors' remuneration:				
- salaries and other emoluments	-	518,448	-	518,448
- Employees Provident Fund	-	63,834	-	63,834
- SOCSO	-	385	-	385
- fees and meeting allowances	37,800	164,871	-	94,000
- estimated money value of benefits-in-kind	-	13,500	-	13,500
	37,800	761,038	-	690,167

28. Staff Costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Staff costs (excluding Directors)	942,170	2,005,384	144,564	299,115

Included in staff costs are contributions made to the Employees Provident Fund under a defined contribution plan for the Group and the Company of RM98,812 and RM13,454 (2020: RM210,354 and RM30,260) respectively.

29. Significant Related Party Transactions

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The significant related party transactions of the Group, other than key management personnel compensation, are as follows:

	2021 RM	2020 RM
Group		
Certified value of contract charged by a company in which a Director has substantial financial interest	-	1,887,782
Interest payable to a company with a common shareholder	93,677	580,371
Proceeds from disposal of a motor vehicle to a Director of the Company	-	(113,160)

NOTES TO THE FINANCIAL STATEMENTS

29. Significant Related Party Transactions (Continued)

The significant related party transactions of the Company, other than key management personnel compensation, are as follows:

	2021 RM	2020 RM
Company		
Management fee received/receivable from subsidiary companies:		
Magna Park Sdn. Bhd.	-	2,278,100
Dunia Epik Sdn. Bhd.	-	87,500
Embassy Court Sdn. Bhd.	-	125
Magna Prima Construction Sdn. Bhd.	-	125
MPrima (Shah Alam) Sdn. Bhd.	-	37,500
Monetary Icon (M) Sdn. Bhd.	-	37,500
Magna Shah Alam Sdn. Bhd.	-	-
Magna Mix Sdn. Bhd.	-	125
Pembinaan Contamaju-Infocast Sdn. Bhd.	-	125
Crossborder Team (M) Sdn. Bhd.	-	37,500
Ibsul Development (Sel) Sdn. Bhd.	-	37,500
Permata Juang (M) Sdn. Bhd.	-	37,500
Magna City Development Sdn. Bhd.	-	105,000
Magna Prima Development Sdn. Bhd.	-	87,500
Magna Ecocity Sdn. Bhd.	-	237,800
Magna City Shah Alam Sdn. Bhd.	-	147,800
Winicon (M) Sdn. Bhd.	-	125
Twinicon (M) Sdn. Bhd.	-	465,000
33 Sentral Park Sdn. Bhd.	-	120,300
Everhall (M) Sdn. Bhd.	-	172,925
Magna Park (Mentakab) Sdn. Bhd.	-	125
Prima Awan (M) Sdn. Bhd.	-	125
Magna Prima Australia Pty. Ltd.	-	-
Pavilion Uptrend Sdn. Bhd.	-	125
	-	3,890,425

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group. Significant related party transactions with key management personnel is disclosed in Note 27 to the financial statements.

30. Financial Guarantees

	Company	
	2021 RM	2020 RM
Guarantees given to financial institutions for facilities granted to subsidiary companies:		
- secured on assets of subsidiary companies	240,025,567	240,025,567
Guarantees given to trade payables for credit facilities of subsidiary companies:		
- unsecured	10,500,000	15,000,000
Limit of guarantees	250,525,567	255,025,567
Amount utilised by subsidiary companies	147,215,760	208,680,301

NOTES TO THE FINANCIAL STATEMENTS

31. Reconciliation of Liabilities Arising from Financing Activities

	Lease liabilities RM	Term loans RM	Total RM
Group			
At 1 January 2020	207,732	201,413,643	201,621,375
Addition of right of use asset	490,926	-	490,926
Derecognition of lease liabilities	(7,112)	-	(7,112)
Accrued interest	-	8,022,704	8,022,704
Non-cash movement	483,814	8,022,704	8,506,518
Net cash flows used in financing activities	(385,635)	(757,710)	(1,143,345)
At 31 December 2020	305,911	208,678,637	208,984,548
Derecognition of lease liabilities	(2,188)	-	(2,188)
Accrued lease liability	(274,572)	-	(274,572)
Accrued interest	20,429	1,974,908	1,995,337
Non-cash movement	(256,331)	1,974,908	1,718,577
Net cash flows used in financing activities	(4,440)	(63,437,785)	(63,442,225)
At 31 December 2021	45,140	147,215,760	147,260,900
Company			
At 1 January 2020	165,817	-	165,817
Net cash flows used in financing activities	(165,817)	-	(165,817)
At 31 December 2020	-	-	-
Net cash flows used in financing activities	-	-	-
At 31 December 2021	-	-	-

32. Segmental Reporting

Segment information is primarily presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

The reportable business segments of the Group comprise the following:

Properties	: Property development
Construction and Engineering	: Civil engineering and building construction
Investment	: Investment holding

Other non-reportable segments comprise operations of subsidiary companies which are dormant.

Segment revenue, results, assets and liabilities include items directly attributable to a segment and those where a reasonable basis of allocation exists. Inter-segment revenues are eliminated on consolidation.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total assets are used to measure the return of assets of each segment.

The total of segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

32. Segmental Reporting (Continued)

Business Segments

	Properties RM	Construction and Engineering RM	Investment RM	Trading RM	Inter- segment Eliminations RM	Total RM
2021						
Revenue						
External revenue	3,746,822	-	-	2,501,652	-	6,248,474
Inter-segment revenue	-	-	58,108	-	(58,108)	-
Total revenue	3,746,822	-	58,108	2,501,652	(58,108)	6,248,474
Results						
Finance income	12,150	2,973	-	-	-	15,123
Finance cost	(13,387,313)	-	(2,776,114)	-	-	(16,163,427)
Depreciation	-	(5,522)	(299,503)	(585)	-	(305,610)
Net provision of expected credit loss allowance on:						
- other receivables	-	-	(3,535,637)	-	-	(3,535,637)
Unrealised foreign exchange gain	4,014,536	-	-	-	-	4,014,536
Gain on deemed disposal of a subsidiary company	1,501,335	-	-	-	-	1,501,335
Gain on disposal of subsidiary companies	-	18,743,897	-	-	-	18,743,897
Taxation	264,259	95,034	(5,002)	(17,985)	-	336,306
Segment loss	(12,995,433)	(12,376,958)	(3,951,569)	(2,467)	30,632,275	1,305,848
Assets						
Segment assets	934,113,040	44,910,778	589,199,914	5,737,905	(881,761,662)	692,199,975
Liabilities						
Segment liabilities	671,654,555	88,110,178	321,017,969	20,615,470	(783,225,797)	318,172,375
2020						
Revenue						
External revenue	18,619,556	-	-	81,803	-	18,701,359
Inter-segment revenue	-	-	4,093,345	-	(4,093,345)	-
Total revenue	18,619,556	-	4,093,345	81,803	(4,093,345)	18,701,359
Results						
Finance income	40,341	8,648	8,853	557	-	58,399
Finance cost	(13,915,931)	-	(3,190,304)	(333)	-	(17,106,568)
Amortisation of contract cost assets	(515,313)	-	-	-	-	(515,313)
Depreciation	(8,034)	(6,109)	(359,038)	(4,374)	-	(377,555)
Net reversal/(provision) of expected credit loss allowance on:						
- trade receivables	365,662	-	-	-	-	365,662
- other receivables	(714,898)	-	-	(88,445)	-	(803,343)
- deposits	(123,590)	-	64,524	-	-	(59,066)
Impairment loss on non-current assets held for sale	-	-	(89,570,000)	-	-	(89,570,000)
Unrealised foreign exchange loss	(13,169,603)	-	-	-	-	(13,169,603)
Taxation	(6,264,978)	(8,481,464)	(3,057,663)	-	(698,322)	(18,502,427)
Segment loss	(43,589,422)	(12,428,385)	(107,747,646)	(271,601)	11,832,849	(152,204,205)
Assets						
Segment assets	974,791,236	66,554,824	663,758,794	474,214	(968,077,660)	737,501,408
Liabilities						
Segment liabilities	695,464,166	97,377,267	421,561,711	15,348,902	(838,982,944)	390,769,102

NOTES TO THE FINANCIAL STATEMENTS

32. Segmental Reporting (Continued)

Geographical segments

In determining the geographical segments of the Group, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets.

	Malaysia RM	Australia RM	Total RM
2021			
Revenue	6,248,474	-	6,248,474
(Loss)/Profit before taxation	(3,042,300)	4,011,842	969,542
Non-current assets	489,757,746	-	489,757,746
2020			
Revenue	18,701,359	-	18,701,359
Loss before taxation	(120,371,237)	(13,330,541)	(133,701,778)
Non-current assets	497,666,039	-	497,666,039

33. Financial Instruments

The following table analyses the financial assets and financial liabilities of the Group and of the Company by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2021	2020	2021	2020
	Financial assets and financial liabilities at amortised cost RM	Financial assets and financial liabilities at amortised cost RM	Financial assets and financial liabilities at amortised cost RM	Financial assets and financial liabilities at amortised cost RM
Financial assets				
Trade and other receivables	4,686,985	5,556,818	548,545	456,421
Cash and cash equivalents	11,700,151	3,380,022	7,927,297	51,273
	16,387,136	8,936,840	8,475,842	507,694
Financial liabilities				
Trade and other payables	131,708,931	81,406,375	196,316,492	301,754,541
Lease liabilities	45,140	305,911	-	-
Borrowings	147,215,760	208,678,637	-	-
	278,969,831	290,390,923	196,316,492	301,754,541

Financial risk management

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit risk, liquidity risk and market risk. The Group operates within clearly defined guidelines that are approved by the Board of Directors and the Group's policy is not to engage in speculative transactions.

Credit risk

Credit risk is the risk of a financial loss to the Group if a counterparty of a financial asset fails to meet its contractual obligations. The Group's exposure to credit risk arises mainly from trade and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial Instruments (Continued)

Financial risk management (Continued)

Credit risk (continued)

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis through the review of trade receivables ageing. At reporting date, there were no significant concentrations of credit risk except as disclosed in Note 8 to the financial statements.

The maximum exposure to credit risk for the Group is the carrying amount of the financial assets shown in the statements of financial position.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from trade and other payables, lease liabilities and borrowings.

As at 31 December 2021, the Group had short term borrowings of RM127,399,699. Included in the short term borrowings is an amount of RM111,263,809 which was reclassified as current liabilities due to default in repayment of borrowing obligations by the Group during the financial year as disclosed in Note 16 to the financial statements.

The Directors have prepared a cash flow forecast and its obligations are expected to be funded via the continued support of their lenders and creditors, the timely successful launch and sales of its upcoming property development projects as well as the profitability of these projects, and the timely completion of the planned disposal of its non-current assets held for sale by the Group. The Group has also considered the possibility to monetise some of its land bank.

The Directors are of the opinion that the Group will have sufficient financial resources for a period of at least 12 months from the end of the financial year. Significant assumptions and judgements are used in the preparation of the cash flow forecast.

Cash flow forecasting is performed by monitoring the Group's liquidity requirements to ensure that it has sufficient liquidity to meet operational, financing repayments and other liabilities as they fall due.

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Below 1 year RM	1 to 2 years RM	2 to 5 years RM
2021						
Group						
Trade and other payables	131,708,931	Nil to 8.50	131,708,931	131,708,931	-	-
Borrowings	147,215,760	6.74 - 8.56	165,954,070	141,280,205	8,094,217	16,579,648
Lease liabilities	45,140	-	45,762	45,762	-	-
	<u>278,969,831</u>		<u>297,708,763</u>	<u>273,034,898</u>	<u>8,094,217</u>	<u>16,579,648</u>
Company						
Trade and other payables	<u>196,316,492</u>	-	<u>196,316,492</u>	<u>196,316,492</u>	-	-
2020						
Group						
Trade and other payables	81,406,375	Nil to 8.50	81,406,375	81,406,375	-	-
Borrowings	208,678,637	6.00 - 11.00	264,494,578	235,338,706	5,323,338	23,832,534
Finance lease liabilities	305,911	-	326,994	281,232	45,762	-
	<u>290,390,923</u>		<u>346,227,947</u>	<u>317,026,313</u>	<u>5,369,100</u>	<u>23,832,534</u>
Company						
Trade and other payables	<u>301,754,541</u>	-	<u>301,754,541</u>	<u>301,754,541</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. Financial Instruments (Continued)

Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and cash flow and fair value risk that may affect the Group's financial position and cash flows. The Group is not significantly affected by foreign exchange rate and price risks.

(a) Foreign exchange risk

The Group is exposed to foreign currency risk on advances that are denominated in a currency other than the respective functional currencies of the Group's entities. The Group's exposure primarily arises from Ringgit Malaysia and is not material as the Group's functional currency is denominated in Ringgit Malaysia. Hence, sensitivity analysis is not presented.

(b) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate exposure arises from borrowings and deposits. The Group does not hedge the interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2021 RM	2020 RM
Fixed rate instruments		
Financial assets	9,353,713	1,940,561
Financial liabilities	(1,102,083)	(1,102,083)
	8,251,630	838,478
Floating rate instruments		
Financial liabilities	(147,215,760)	(208,678,637)
	Company	
	2021 RM	2020 RM
Fixed rate instruments		
Financial assets	7,895,000	-
Financial liabilities	-	-
	7,895,000	-

Since the Group's and the Company's fixed rate financial assets and liabilities are measured at amortised cost, possible changes in interest rates are not expected to have a significant impact on the Group's and the Company's profit or loss.

As at 31 December 2021, if interest rates of floating rate instruments had been lower by 25 basis points ("bp") with all other variables held constant, this will result in post-tax increases of the Group of RM279,710 (2020: RM396,489) in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial Instruments (Continued)

Financial risk management (Continued)

Fair value information

The carrying amounts of cash and cash equivalents and short term receivables and payables reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of long term borrowing carried on the statements of financial position reasonably approximates fair value as it is a floating rate instrument that is re-priced to market interest rates on or near the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 : Quoted prices in active markets for identical assets or liabilities.
- Level 2 : Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair values of financial instruments not carried at fair value, together with their carrying amounts in the statements of financial position:

	2021		2020	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group				
Financial liabilities				
Lease liabilities	45,140	45,140	305,911	305,911
Company				
Financial liabilities				
Lease liabilities	-	-	-	-

34. Capital Management

The objective of the Group on capital management is to ensure that it maintains a strong credit rating and safeguard the Group's ability to continue as a going concern, so as to support its business, maintain the market confidence and maximise shareholder value.

The Group monitors the capital using gearing ratio, which is net borrowings divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within reasonable levels.

	2021 RM	2020 RM
Borrowings	147,215,760	208,678,637
Less: Cash and cash equivalents	(11,700,151)	(3,380,022)
Net borrowings	135,515,609	205,298,615
Equity attributable to owners of the Company	374,745,074	345,826,812
Gearing ratio	0.36	0.59

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

NOTES TO THE FINANCIAL STATEMENTS

35. Material Litigations

(a) Lembaga Hasil Dalam Negeri (“LHDN”) claim

(i) Government of Malaysia/Lembaga Hasil Dalam Negeri (“LHDN”) vs Crossborder Team (M) Sdn. Bhd. (“CBT”)

On 8 November 2020, Crossborder Team (M) Sdn. Bhd. (“CBT”), a wholly owned subsidiary of the Company received a notice of payment claim from LHDN pursuant to a final court decision by High Court at Kuala Lumpur for income tax debt due for years of assessment 2015 to 2018 amounting to RM527,511 and accrued interest thereon at a rate of 5% per annum from the date of final court decision.

On 15 November 2021, a tax debt installment schedule was received for a sum of RM972,952 indebted to LHDN which includes the additional tax debts due for year of assessment 2019 amounting to RM428,811 and accrued interest thereon at a rate of 5% per annum from the date of final court decision. As at 31 December 2021, CBT had recognised the full tax liabilities for years of assessment 2015 to 2019.

(ii) Government of Malaysia/Lembaga Hasil Dalam Negeri (“LHDN”) vs Magna Prima Construction Sdn. Bhd. (“MPC”)

On 2 February 2021, Magna Prima Construction Sdn. Bhd. (“MPC”), a wholly owned subsidiary of the Company received a notice of payment claim from LHDN pursuant to final court decision by Shah Alam Sessions Court for income tax debt due for year of assessment 2017 amounting to RM429,495 and accrued interest thereon at a rate of 5% per annum from the date of court decision. As at 31 December 2021, MPC had recognised the full tax liabilities for year of assessment 2017.

(iii) Government of Malaysia/Lembaga Hasil Dalam Negeri (“LHDN”) vs Magna Prima Berhad (“MPB”)

On 5 July 2021, a final court order decision by High Court of Malaya at Shah Alam was served against MPB for income tax debt due for years of assessment 2011 and 2013 amounting to RM8,742,479 and accrued interest thereon at a rate of 5% per annum from the date of court decision. As at 31 December 2021, MPB had recognised the full tax liabilities for year of assessment 2011 and 2013.

(iv) Government of Malaysia/Lembaga Hasil Dalam Negeri (“LHDN”) vs Magna Park Sdn. Bhd. (“MPK”)

On 17 September 2021, Magna Park Sdn. Bhd. (“MPK”), a wholly owned subsidiary of the Company received a statement of claim and writ of summon issued by Shah Alam Magistrate Court for income tax debt due for year of assessment 2019 amounting to RM96,087 and accrued interest thereon at a rate of 5% per annum from the date of court decision. As at 31 December 2021, MPK had recognised the full tax liabilities for year of assessment 2019.

(v) Government of Malaysia/Lembaga Hasil Dalam Negeri (“LHDN”) vs Monetary Icon (M) Sdn. Bhd. (“MISB”)

On 1 October 2021, Monetary Icon (M) Sdn. Bhd. (“MISB”), a wholly owned subsidiary of the Company received notice of payment claim from LHDN pursuant to final court decision by Shah Alam Sessions Court for income tax debt due for year of assessment 2014 amounting to RM789,647 and accrued interest thereon at a rate of 5% per annum from the date of court decision. As at 31 December 2021, MISB had recognised the full tax liabilities for year of assessment 2014.

(vi) Government of Malaysia/Lembaga Hasil Dalam Negeri (“LHDN”) vs Twinicon (M) Sdn. Bhd. (“TSB”)

A statement of claim and writ of summon issued by Shah Alam Magistrate Court was served against Twinicon (M) Sdn. Bhd. (“TSB”) on 1 September 2021 and 7 September 2021 respectively for income tax debt due for year of assessment 2014 amounting to RM14,879 and accrued interest thereon at a rate of 5% per annum from the date of court decision. As at 31 December 2021, TSB had recognised the full tax liabilities for year of assessment 2014.

(b) Jayapalasingam A/L Kandiah (Liquidator of Magna Shah Alam Sdn. Bhd. (“MSA”)) vs Magna Prima Berhad (“MPB”)

The Liquidator of MSA has commenced winding up proceedings against MPB on 24 February 2020 for a sum of RM3,809,318 owed by MPB to MSA. MPB is in the midst of contesting and defending the winding up petition on the ground that the claim under petition was based on Statement of Affairs of MSA only and no other supporting documents to support the alleged claim, as well as not based on any declaratory judgement or order. MPB has paid RM200,000 during the financial year. The suit was initially fixed for hearing on 25 May 2021, but postponed to 21 April 2022. As at 31 December 2021, the remaining amount owing to MSA has been recognised as disclosed in Note 14(c)(ii) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

35. Material Litigations (Continued)

- (c) Tenaga Nasional Berhad (“TNB”) vs Magna Park Sdn. Bhd. (“MPK”)

Vista Magna Project

On 4 June 2020 and 30 June 2020, MPK was served with a judgement sum of RM200,545 and RM91,177 and accrued interest thereon at a rate of 5% per annum from date of judgement by the Kuala Lumpur Sessions Court and Kuala Lumpur Magistrates Court on the outstanding electricity bill for Vista Magna project indebted to TNB.

On 8 January 2021, TNB has served a statutory notice of demand under Section 465(1)(E) and 466(1)(a) of the Companies Act, 2016 in Malaysia (“Notice”) to MPK for payment of the judgement sum. MPK is required to settle the judgement sum within 21 days from the date of Notice. MPK had failed to settle the judgement sum, resulted in a winding up petition being served on MPK on 8 February 2021. The suit has been fixed for hearing on 3 May 2021 at the High Court of Malaya at Shah Alam. During the court hearing, the court has advised to set the trial at Kuala Lumpur Sessions Court and directed MPK to file the defence.

On 23 February 2022, the Kuala Lumpur Sessions Court has allowed the setting asides of the judgement in default dated 4 June 2020 with cost in cause. MPK has filed the defence on 9 March 2022.

Pelanggi Magna Project

On 18 November 2021, MPK was served with another judgement sum of RM145,247 and accrued interest thereon at a rate of 5% per annum from date of judgement by Kuala Lumpur Sessions Court and Kuala Lumpur Magistrates. As at 31 December 2021, MPK has recognised the outstanding electricity bill indebted to TNB. The trial has been set on 27 June 2022 and MPK shall subpoena the JMB Committee member to justify the usage of their TNB bill during trial.

- (d) LST Event Sdn. Bhd. (“LST”) vs Twinicon (M) Sdn. Bhd. (“TSB”)

On 30 April 2021, a court order issued by High Court of Malaya at Shah Alam was served against TSB by LST to claim on alleged breach of a purported tenancy agreement amounting to RM11,127,136 for loss of profit damages, RM3,000,000 as liquidated ascertained damages and RM92,418 for wasted expenditure. The Directors have sought legal advice and concluded the status of legal suit is still at preliminary stage hence there was no provision of liabilities recorded by TSB as at 31 December 2021.

- (e) Pembinaan Leow Tuck Chui & Sons Sdn. Bhd. (“PLTC”) vs Magna City Shah Alam Sdn. Bhd. (“MCSA”)

On 5 August 2021, a writ of summon and statement of claim was served against MCSA for sum of RM308,711, being the progressive claim for works completed under The View Residences sales gallery. As at 31 December 2021, the provision of claim has been fully recognised.

36. Significant Events

Movement Control Order (“MCO”)

The Covid-19 pandemic continued to exacerbate throughout the financial year. The Group’s operation were affected due to multiple phases of Movement Control Order (“MCO”) and related standard operating procedures imposed by government of Malaysia.

Nevertheless, the Group has taken and will continue to take necessary steps to safeguard and preserve the financial condition, emphasising on liquidity management to meet the financial commitments and liquidity needs.

37. Subsequent Events

- (a) On 16 February 2022, the sales and purchase agreement with Cowboy (KL) Sdn. Bhd. was completed, following the successful assignment of rights, titles and interest over the property to the buyer, Cowboy (KL) Sdn. Bhd..
- (b) On 20 April 2022, a subsidiary of the Company, Magna Ecocity Sdn. Bhd. (“MESB”) entered into a Joint Venture Agreement (“JVA”) with OCR Avenue Sdn. Bhd. (“OCR Avenue”) to fund and undertake the development of its leasehold land. Pursuant to the JVA, OCR Avenue has full and absolute discretion in the planning, construction, project management and sale of the entire development project. In return, MESB is entitled to a total sum of RM160,000,000 (“Minimum Entitlement”), and the differential sum between 30% of the development profit and the Minimum Entitlement of RM160,000,000, if any.

PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2021

Registered Owner	Location	Description and Existing Use	Tenure	Land / Built-up Area (Sq.ft.)	Age of Property / Building	Carrying Amount RM	Date of acquisition / Revaluation
Magna Ecocity Sdn Bhd	H.S. (D) 16667, Lot PT12, Seksyen 15, Bandar Shah Alam, District of Petaling, Selangor	Development Land	Leasehold (Expiring on 27.09.2083)	871,200	-	129,631,843	Jun-12
33 Sentral Park Sdn Bhd	H.S (D) 16678 PT320, Mukim of Kuala Lumpur, Daerah Petaling Negeri Selangor. H.S (D) 16679 PT321, Mukim Kuala Lumpur, Daerah Petaling Negeri Selangor.	Development Land	Freehold	302,996	-	65,099,670	Sep-09
Twinicon (M) Sdn Bhd	Lot 124 - 128, GRN Nos. 4628 - 4632 Section 44 , Town and District of KL, Wilayah Persekutuan, Kuala Lumpur.	Investment property		113,963	-	369,650,000	Jun-16
Everhall (M) Sdn Bhd	Lot No. 80791, Mukim of Batu, District of KL, Wilayah Persekutuan Kuala Lumpur.	Freehold	Freehold	246,189	1 year	54,030,000	Jul-16
Magna City Shah Alam Sdn Bhd	Lot No. 737, Mukim Bandar Shah Alam, Daerah Petaling Selangor Darul Ehsan.	Leasehold (Expiring on 29 May 2102)	Leasehold (Expiring on 29 May 2102)	228,733	-	49,152,230	Sep-16

ANALYSIS BY SIZE OF SHAREHOLDINGS

(BASED ON REGISTER OF DEPOSITORS AS AT 31 MARCH 2022)

Total Number of Issued Shares	:	Ordinary Shares
Issued Share Capital	:	399,152,540 (excluding 2,285,500 Treasury Shares)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

(Based on Register of Depositors as at 31 March 2022)

SIZE OF SHAREHOLDINGS	SHAREHOLDERS		ORDINARY SHARES	
	NUMBER	PERCENTAGE (%)	NUMBER	PERCENTAGE (%)
LESS THAN 100	10	0.97	142	0.00
100 TO 1,000	81	7.89	43,740	0.01
1,001 TO 10,000	572	55.75	2,949,890	0.74
10,001 TO 100,000	256	24.95	8,116,076	2.03
100,001 TO LESS THAN 5% OF ISSUED NUMBER OF SHARES	104	10.14	214,598,268	53.76
5% AND ABOVE**	3	0.29	173,444,424	43.45
TOTAL	1,026	100.00	399,152,540	100.00

DIRECTORS' SHAREHOLDINGS

(Based on Register of Directors' Shareholdings as at 31 March 2022)

No.	Names	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-
2.	Tan Chin Yen	6,331,900	1.58	-	-
3.	Lee Chin Cheh	-	-	-	-
4.	Ho Wen Yan	-	-	102,889,940*	25.78
5.	Chang Chee Kok	-	-	-	-
6.	Sazali Bin Saad	-	-	-	-
7.	Dato' Darawati Hussain	-	-	-	-
8.	Dato' Sri Hj Wan Adnan Bin Wan Mamat	-	-	-	-

Notes:

* Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to Companies Act, 2016

ANALYSIS BY SIZE OF SHAREHOLDINGS
(BASED ON REGISTER OF DEPOSITORS AS AT 31 MARCH 2022)

LIST OF SUBSTANTIAL SHAREHOLDERS*(Based on Register of Substantial Shareholders as at 31 March 2022)*

No.	Names	Direct		Indirect	
		No. of Shares	Percentage (%)	No. of Shares	Percentage (%)
1.	Prisma Pelangi Sdn Bhd	102,889,940	25.78	-	-
2.	Fantastic Realty Sdn Bhd	70,554,484	17.68	4,301,800 [#]	1.08
3.	Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400,000	5.36	-	-
4.	Lee Hing Lee	-	-	70,554,484 ^{^^}	17.68
5.	Top Fresh Foods (M) Sdn Bhd	19,539,200	4.90	74,856,284 [#]	18.75
6.	Heng Holdings Sdn Bhd	-	-	102,889,940 [†]	25.78
7.	Hua Yang Berhad	-	-	102,889,940 [†]	25.78
8.	Ho Wen Yan	-	-	102,889,940 [†]	25.78
9.	Ho Wen Han	-	-	102,889,940 [†]	25.78
10.	Ho Wen Fan	-	-	102,889,940 [†]	25.78
11.	Ho Min Yi	-	-	102,889,940 [†]	25.78
12.	Chew Po Sim	-	-	102,889,940 [†]	25.78

Note:

^{^^} Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

^{*} Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to Companies Act, 2016

[#] Deemed interest by virtue of interest held by the common directors and shareholders of Top Fresh Foods (M) Sdn Bhd and Fantastic Realty Sdn Bhd pursuant to Section 8 of the Companies Act, 2016

No.	Names	No. of Shares Held	Percentage of Shareholdings (%)
1.	FANTASTIC REALTY SDN BHD	70,554,484	17.68
2.	PRISMA PELANGI SDN BHD	51,444,970	12.89
3.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PRISMA PELANGI SDN. BHD. (BISONHLDGSB)	51,444,970	12.89
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOP FRESH FOODS (M) SDN BHD	16,570,000	4.15
5.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUN MEI NGOR	14,979,400	3.75
6.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG KONG NAM	13,305,100	3.33
7.	SEE HONG CHEEN @ SEE HONG CHEN	13,305,100	3.33
8.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	12,000,000	3.01
9.	LEE SHU SHUN	11,379,700	2.85
10.	CHONG SAU WAH	9,978,800	2.50
11.	CHONG SUN WAH	9,978,800	2.50
12.	LIM CHUN SEONG	9,978,800	2.50
13.	QUAY ZHEN FANG	9,978,800	2.50
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RAHADIAN MAHMUD BIN MOHAMMAD KHALIL	8,400,000	2.10
15.	CHUA SEONG HEN	6,074,000	1.52

ANALYSIS BY SIZE OF SHAREHOLDINGS
(BASED ON REGISTER OF DEPOSITORS AS AT 31 MARCH 2022)

No.	Names	No. of Shares Held	Percentage of Shareholdings (%)
16.	CHU YOKE FONG	5,058,900	1.27
17.	LEE CHOON HOOI	4,099,500	1.03
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JOAN YONG MUN CHING	4,097,000	1.03
19.	LEE KUNG WAH	4,000,000	1.00
20.	TAN CHIN YEN	3,239,200	0.81
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN YEN	3,092,700	0.77
22.	HIEW YOKE CHING	3,036,000	0.76
23.	KOK SEW HONG	2,992,200	0.75
24.	TOP FRESH FOODS (M) SDN BHD	2,969,200	0.74
25.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH PEE LEONG	2,773,700	0.69
26.	LEE TIONG AUN @ LI ZHONGAN	2,707,000	0.68
27.	PLY CENTURY SDN BHD	2,400,000	0.60
28.	MAGNA PRIMA BERHAD	1,638,000	0.41
29.	TAN TEONG HAN	1,622,268	0.41
30.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENRY WAN	1,358,700	0.34

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting (“27th AGM”) of Magna Prima Berhad (“Magna Prima” or “the Company”) will be held at Ideal Convention Centre - IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Wednesday, 8 June 2022, at 10.00 a.m. or at any adjournment thereof, for the following purposes:

As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and the Auditors thereon. **Please refer to Note 1**
2. To approve the payment of Directors’ fees up to RM200,000 in respect of the period from 9 June 2022 until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 1**
3. To approve the payment of a meeting attendance allowance of RM500 per meeting to the Non-Executive Directors and leave passage allowance of RM12,000 per annum to the Chairman for the period from 9 June 2022 until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 2**
4. To re-elect Tan Sri Datuk Adzmi Bin Abdul Wahab who is retiring in accordance with Clause 105 of the Company’s Constitution and being eligible, offer himself for re-election. **Ordinary Resolution 3**
5. To re-elect Sazali Bin Saad who is retiring in accordance with Clause 105 of the Company’s Constitution and being eligible, offer himself for re-election. **Ordinary Resolution 4**
6. To re-elect Dato’ Darawati Hussain who is retiring in accordance with Clause 105 of the Company’s Constitution and being eligible, offer herself for re-election. **Ordinary Resolution 5**
7. To re-elect Dato’ Sri Hj Wan Adnan Bin Wan Mamat who is retiring in accordance with Clause 109 of the Company’s Constitution and being eligible, offer himself for re-election. **Ordinary Resolution 6**
8. To appoint HLB Ler Lum Chew PLT as Auditors of the Company, in place of the retiring Auditors, HLB AAC PLT, and to authorise the Board of Directors to determine their remuneration **Ordinary Resolution 7**

AS SPECIAL BUSINESS:

To consider and if thought fit, with or without any modification, to pass the following resolutions:-

9. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 8**

THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), Additional Temporary Relief Measures to Listed Corporations for Covid-19 issued by Bursa Securities on 16 April 2020 and its subsequent letter dated 23 December 2021 on the extension of implementation of the 20% General Mandate and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time (“20% General Mandate”) being to be utilised until 31 December 2022 as empowered by Bursa Securities pursuant to its subsequent letter dated 23 December 2021 to grant its extension for the additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) of the total number of issued shares of the Company for the time of issuance;

AND THAT authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or when it is required by law to be held, whichever is earlier, AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.”

NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed Renewal of Authority for Purchase of Own Shares by the Company (“Proposed Renewal of Share Buy-Back”)** **Ordinary Resolution 9**

“THAT subject to the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- i) the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
- ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares be backed by an equivalent amount of retained profits; and
- iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends;

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

- i) the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

11. **Retention of Independent Non-Executive Directors**

“THAT subject to passing of Ordinary Resolutions 3 and 4 above, approval be and is hereby given to the following Directors, each of whom has served as an Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years, to continue to act as an Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting:

- a) Tan Sri Datuk Adzmi Bin Abdul Wahab
- b) Sazali Bin Saad

Ordinary Resolution 10

Ordinary Resolution 11

12. To transact any other business of which due notice has been given in accordance with the Act and the Company’s Constitution.

NOTICE OF ANNUAL GENERAL MEETING

By order of the Board,

TAN TONG LANG (MAICSA 7045482/ SSM PC No. 202208000250)
THIEN LEE MEE (LS0009760/ SSM PC No. 201908002254)
Company Secretaries
Selangor

Dated 29 April 2022

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation’s common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company’s Share Registrars Office, Boardroom Share Registrars Sdn Bhd of 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Section 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
6. For the purpose of determining a member who shall be entitled to attend the 27th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 30 May 2022. Only members whose name appears on the Record of Depositors as at 30 May 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
7. All the resolutions set out in this Notice of Meeting will be put to vote by poll.

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the 27th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 27th AGM:

- a. *Only fully vaccinated Attendees (referring, in a collective sense, to members / proxies / management personnel / invited guests) ARE ALLOWED to attend the 27th AGM.*
- b. *Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 27th AGM in person.*
- c. *Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 27th AGM on their behalf by submitting the proxy form with predetermined voting instruction.*
- d. *Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the 27th AGM in person.*
- e. *Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the 27th AGM in person.*
- f. *In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 27th AGM in person.*

NOTICE OF ANNUAL GENERAL MEETING

- g. *Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the meeting in person.*
- h. *Members or proxies are advised to observe/maintain social distancing throughout the meeting.*
- i. *No door gift will be provided to the Members or proxies.*

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 27th AGM at short notice. Kindly check Bursa Securities' and Company's website at www.magnaprima.com.my for the latest updates on the status of the said meeting.

Explanatory Notes on Ordinary Business:

1. Audited Financial Statements for the financial year ended 31 December 2021

This Agenda item is meant for discussion only as the Section 340(1) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Ordinary Resolutions 3 to 5

Re-election of Directors in accordance with Clause 105 of the Company's Constitution

The Board has therefore recommended Tan Sri Datuk Adzmi Bin Abdul Wahab, Sazali Bin Saad and Dato' Darawati Hussain who is standing for re-election as Director of the Company in accordance with Clause 105 of the Company's Constitution and being eligible, have offered themselves for re-election at the 27th AGM of the Company. The profile of the retiring Directors are set out in the Directors' Profile of the Annual Report 2021.

3. Ordinary Resolution 6

Re-election of Dato' Sri Hj Wan Adnan Bin Wan Mamat in accordance with Clause 109 of the Company's Constitution

The Board has therefore recommended Dato' Sri Hj Wan Adnan Bin Wan Mamat who is standing for re-election as Director of the Company in accordance with Clause 109 of the Company's Constitution and being eligible, has offered himself for re-election at the 27th AGM of the Company in view of Dato' Sri Hj Wan Adnan Bin Wan Mamat was appointed as an Independent Non-Executive Director of the Company on 8 July 2021. His profile is set out in the Directors' Profile of the Annual Report 2021.

4. Ordinary Resolution 8

Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Act

The proposed Ordinary Resolution 8, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 27th AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/ or acquisitions. The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further

NOTICE OF ANNUAL GENERAL MEETING

flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this 20% General Mandate is expected to be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.

As at the date of this Notice, the Company had issued total 66,525,400 ordinary shares at an issue price of RM0.45 per share by way of Private Placement pursuant to the general mandate obtained from the shareholders at the 26th AGM held on 27 May 2021 ("Previous Mandate") and will lapse at the conclusion of the 27th AGM.

5. Ordinary Resolution 9-Proposed Renewal of Share Buy-Back

The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to Statement to Shareholders for the Proposed Renewal of Share Buy-Back in the Annual Report.

6. Ordinary Resolutions 10 to 11 – Retention of Independent Non-Executive Directors

Tan Sri Datuk Adzmi Bin Abdul Wahab and Sazali Bin Saad have served the Board as an Independent Non-Executive Directors of the Company for more than 12 years since 2 May 2006. The Board through the Nomination Committee has carried out the necessary assessment and recommend that they continue to act as Independent Non-Executive Directors of the Company based on the following:

- a) They are able to exercise independent judgment and act in the best interest of the Company.
- b) They have effectively applied her experience and knowledge to discharge their duties and responsibilities as Directors of the Company.
- c) They participated actively and contribute positively during deliberations at board meetings.
- d) They are in compliance with the relevant criteria and provisions in the MMLR of Bursa Securities on independent directors.

Their profiles are set out in the Profile of Directors of the Annual Report 2021. The Board will be seeking for shareholders' approval at the 27th AGM to retain them as Independent Non-Executive Directors of the Company via a two-tier voting pursuant to the recommendation of the MCG 2021.

STATEMENT OF ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors who are seeking re-election as Directors of the Company at the 27th AGM of the Company are:
 - a) Tan Sri Datuk Adzmi Bin Abdul Wahab (Clause 105);
 - b) Sazali Bin Saad (Clause 105);
 - c) Dato' Darawati Hussain (Clause 105); and
 - d) Dato' Sri Hj Wan Adnan Bin Wan Mamat (Clause 109).
2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03 of the MMLR of Bursa Securities.

Details of the general mandate to allot shares in the Company pursuant to Sections 75 & 76 of the Act are set out in Explanatory Note of the Notice of the 27th AGM.

SHARE BUY-BACK STATEMENT

PROPOSED RENEWAL OF AUTHORITY FOR MAGNA PRIMA TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL (“PROPOSED RENEWAL OF SHARE BUY-BACK”)

DISCLAIMER STATEMENT

Bursa Securities has not perused this Statement prior to its issuance as it is exempted pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

1. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Board of Magna Prima had, during the AGM held on 27 May 2021 obtained its shareholders’ approval to continue the share buy-back exercise, to purchase up to 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase. In accordance with the Listing Requirements governing the purchase of own shares by a listed company, the aforesaid approval will lapse at the conclusion of the forthcoming AGM unless a new mandate is obtained from the shareholders.

In connection thereto, the Company had announced its intention to seek approval of its shareholders on the Proposed Renewal of Share Buy-Back at the forthcoming AGM of the Company which will be held on.

The Board proposes to seek approval from the shareholders for a renewal of authorisation to enable Magna Prima to purchase up to 10% of its total number of issued shares as quoted on Bursa Securities as at the point of purchase.

The Proposed Renewal of Share Buy-Back shall be effective upon the passing of the resolution at the forthcoming AGM of Magna Prima and shall continue to remain in force until:

- (i) the conclusion of the next AGM of Magna Prima in 2023 at which time such authority would lapse unless renewed by ordinary resolution passed at that meeting, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) the authority is revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

2. MAXIMUM LIMIT

The maximum aggregate number of Shares which may be purchased by the Company shall not exceed 10% of the total number of issued shares of the Company at any point of time.

The Company may purchase up to 40,143,804 Magna Prima Shares based on total number of issued shares of the Company of 401,438,040 Magna Prima Shares as at 15 April 2022, being the latest practicable date (“LPD”). The total number of Magna Prima Shares purchased by the Company and being held as Treasury Shares up to and including LPD is 2,285,500.

The actual number of Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Company at the time of the purchase(s).

MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
SHARE BUY-BACK STATEMENT

3. TREATMENT OF SHARES PURCHASED

If the Company purchases its own shares using external borrowings, the Board will ensure that the Group has sufficient funds to repay the external borrowings and that the repayment would not have any material effect on the cash flow of the Group.

Magna Prima may only purchase its own shares at a price which is not more than 15% above the weighted average market price of the Magna Prima shares for the 5 market days immediately prior to the date of the purchase.

The Company may only resell the purchased shares held as treasury shares at a price, which is:-

- (a) not less than the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale; or
- (b) a discounted price of not more than 5% to the weighted average market price of the shares for the 5 market days immediately prior to the date of the resale, provided that the resale takes place no earlier than 30 days from the date of the purchase; and the resale price is not less than the cost of purchase of the shares being resold.

The Company shall, upon each purchase or re-sale of shares, make the necessary announcements to Bursa Securities.

The purchased Magna Prima shares held as treasury shares may be dealt with by the Board, in the following manner:-

- (i) to cancel the purchased shares;
- (ii) to retain the purchased shares as treasury shares for distribution as share dividends to the shareholders and/or resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently;
- (iii) transfer as purchase consideration, or
- (iv) sell, transfer or otherwise use as the Minister may prescribe.
- (v) a combination of (i) and (ii) above.

The decision whether to retain the purchased shares as treasury shares, to cancel the purchased shares, distribute the treasury shares as share dividends or to resell the treasury shares on Bursa Securities will be made by the Board at the appropriate time. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits of the Company.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any distribution and otherwise are suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

The Company will make an immediate announcement to Bursa Securities of any purchase and resale of the shares and whether the purchased shares will be cancelled or retain as treasury shares or a combination of both.

The Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required by the Main Market Listing Requirements of Bursa Securities.

During the financial year ended 31 December 2021, there was no resale or cancellation of treasury shares.

MAGNA PRIMA BERHAD
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SHARE BUY-BACK STATEMENT

4. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

In addition to the advantages as set out in Section 5 below, the Proposed Renewal of Share Buy-Back, if implemented, will provide the Group with an additional option to utilise its surplus financial resources more efficiently by purchasing Magna Prima shares from the open market to help stabilise the supply and demand for Magna Prima shares traded on the Main Market of Bursa Securities, and thereby support its fundamental value.

The purchased shares can be held as treasury shares and resold on Bursa Securities at a higher price with the intention of realising a potential gain without affecting the Company's total issued and paid-up share capital. Should any treasury shares be distributed as share dividends, this would serve to reward the shareholders of Magna Prima.

5. ADVANTAGES AND DISADVANTAGES

The potential advantages of the Proposed Renewal of Share Buy-Back, if implemented, are as follows:-

- (i) allows the Company to take preventive measures against excessive speculation, in particular when the Company's shares are undervalued;
- (ii) the earnings per share of the Magna Prima shares and the return on equity, assuming all other things being equal, would be enhanced resulting from the smaller issued and paid-up share capital of the Company. This is expected to have a positive impact on the market price of Magna Prima shares which will benefit the shareholders of Magna Prima;
- (iii) to stabilise a downward trend of the market price of the Company's shares;
- (iv) allows the Company the flexibility in achieving the desired capital structure, in terms of its debt and equity composition and the size of its equity;
- (v) treasury shares can be treated as long-term investments. It makes business sense to invest in our own Company as the Board is confident of Magna Prima's future prospects and performance in the long term; and
- (vi) If the treasury shares are distributed as dividends by the Company, it may then serve to reward the shareholders of the Company.

The potential disadvantages of the Proposed Renewal of Share Buy-Back, if implemented, are as follows:-

- (i) it will reduce the financial resources of the Company which may otherwise be retained and used for the businesses of the Group. Nevertheless, the Board will be mindful of the interests of the Group and its shareholders in undertaking the Proposed Renewal of Share Buy-Back; and
- (ii) as the Proposed Renewal of Share Buy-Back can only be made out of retained earnings, it may result in the reduction of financial resources available for distribution as dividends and bonus issues to the shareholders of the Company.

MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
SHARE BUY-BACK STATEMENT

6. FUNDING

In accordance with the Listing Requirements, the Proposed Renewal of Share Buy-Back must be made wholly out of retained profits of the Company. The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back will be limited to the amount of retained profits based on the latest audited and/or unaudited financial statements of the Company. As at 31 December 2021, being the latest available audited financial statements, the audited accumulated profit of the Company amounted to RM209,565,584.

The Proposed Renewal of Share Buy-Back is expected to be financed by internally generated funds of the Group or external borrowings. In the event that the Company intends to purchase its own shares using borrowings, the Board will ensure that the Company shall have sufficient funds to repay the borrowings and that the repayment will not adversely affect the operations and cash flows of the Company. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share-Buy Back. Depending on the quantum and the purchase price, the Proposed Renewal of Share Buy-Back may reduce the working capital of the Magna Prima Group.

7. PURCHASE, RESALE AND CANCELLATION OF SHARES MADE IN PREVIOUS TWELVE (12) MONTHS

The have not been any previous purchases of Magna Prima Shares, resale, transfer and/or cancellation of treasury shares by the Company in the previous twelve (12) months preceding the date of this Statement as the Company has yet to purchase any of its shares. As at the date of this Statement, the Company does not hold any treasury shares.

8. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

The effects of the Proposed Renewal of Share Buy-Back on the share capital, shareholding structure, net assets, earnings and working capital of the Company are set out below based on the following scenarios:-

8.1 Share Capital

The proforma effects of the Proposed Renewal of Share Buy-Back on the issued and paid-up share capital of the Company are set out below:-

	No. of shares '000
Issued and paid-up share capital*	401,438
Enlarged share capital	401,438
Maximum number of purchased shares to be cancelled pursuant to the Proposed Renewal of Share Buy-Back	(40,144)
Upon completion of the Proposed Renewal of Share Buy-Back	361,294

Notes:-

* Inclusive of the 2,285,500 Magna Prima's Shares that have been purchased and retained as Treasury Share as at LPD.

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SHARE BUY-BACK STATEMENT

8. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

8.2 Substantial Shareholders' and Directors' Shareholdings

The proforma effects of the Proposed Renewal of Share Buy-Back on the substantial shareholdings of the Company are set out below based on the Register of Substantial Shareholders as at

	As at LPD				After the Proposed Renewal of Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Substantial shareholders								
Prisma Pelangi Sdn Bhd	102,890	25.63	-	-	102,889	28.48	-	-
Fantastic Realty Sdn Bhd	70,554	17.58	-	-	70,554	19.53	-	-
Datuk Seri Rahadian Mahmud bin Mohammad Khalil	21,400	5.33	-	-	21,400	5.92	-	-
Lee Hing Lee	-	-	^^70,554	17.58	-	-	^^70,554	19.53
Top Fresh Foods (M) Sdn Bhd	19,539	4.87	""74,856	18.65	19,539	5.41	""74,856	20.72
Heng Holdings Sdn Bhd	-	-	**102,890	25.63	-	-	**102,890	28.48
Hua Yang Berhad	-	-	**102,890	25.63	-	-	**102,890	28.48
Ho Wen Yan	-	-	**102,890	25.63	-	-	**102,890	28.48
Ho Wen Han	-	-	**102,890	25.63	-	-	**102,890	28.48
Ho Wen Fan	-	-	**102,890	25.63	-	-	**102,890	28.48
Ho Min Yi	-	-	**102,890	25.63	-	-	**102,890	28.48
Chew Po Sim	-	-	**102,890	25.63	-	-	**102,890	28.48

^^ Deemed interested by virtue of his substantial shareholding in Fantastic Realty Sdn Bhd pursuant to the Companies Act, 2016

** Deemed interested by virtue of his substantial shareholding in Prisma Pelangi Sdn Bhd pursuant to the Companies Act, 2016

"" Deemed interest by virtue of interest held by the common directors and shareholders of Top Fresh Foods (M) Sdn Bhd and Fantastic Realty Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

	As at LPD				After the Proposed Renewal of Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%	No. of shares '000	%
Directors*								
Tan Sri Datuk Adzmi bin Abdul Wahab	-	-	-	-	-	-	-	-
Tan Chin Yen	6,332	1.58	-	-	6,332	1.75	-	-
Lee Chin Cheh	-	-	-	-	-	-	-	-
Ho Wen Yan	-	-	102,890	25.63	-	-	102,890	28.48
Chang Chee Kok	-	-	-	-	-	-	-	-
Sazali bin Saad	-	-	-	-	-	-	-	-
Dato' Darawati Hussain	-	-	-	-	-	-	-	-
Dato' Sri Hj Wan Adnan bin Wan Mamat	-	-	-	-	-	-	-	-

Notes:-

* Based on the Register of Directors as at LPD.

Assumption:- Assuming that the Proposed Renewal of Share Buy-Back is implemented in full, i.e. up to ten percent (10%) of the Issued Share Capital.

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SHARE BUY-BACK STATEMENT

8. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK (CONTINUED)

8.3 Net Assets

The consolidated net assets of the Company may increase or decrease depending on the number of shares purchased under the Proposed Renewal of Share Buy-Back, the purchase prices of the shares, the effective cost of funding and the treatment of the shares so purchased.

The Proposed Renewal of Share Buy-Back will reduce the consolidated net assets per share when the purchase price exceeds the consolidated net assets per share of the Company at the time of purchase. On the contrary, the consolidated net assets per share will increase when the purchase price is less than the consolidated net assets per share of the Company at the time of purchase.

If the shares purchased under the Proposed Renewal of Share Buy-Back are held as treasury shares and subsequently resold on Bursa Securities, the consolidated net assets per share would increase if the Group realise a gain from the resale or vice versa. If the treasury shares are distributed as share dividends, it will decrease the consolidated net assets by the cost of the treasury shares redistributed.

8.4 Earnings

The effect of the Proposed Renewal of Share Buy-Back on the consolidated earnings per share of the Company will depend on the purchase prices paid for the shares, the effective funding cost to the Group to finance the purchase of the shares or any loss in interest income to the Group if internally generated funds are utilised to finance the purchase of the shares.

Assuming that any shares so purchased are retained as treasury shares as per Companies Act, 2016 and resold on Bursa Securities, the effects on the consolidated earnings of the Company will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings arising from the exercise.

8.5 Working Capital

The implementation of the Proposed Renewal of Share Buy-Back is likely to reduce the working capital of the Group, the quantum being dependent on the number of the purchased shares, the purchase price(s) and the amount of financial resources to be utilised for the purchase of the shares.

For the purchased shares retained as treasury shares as per Companies Act, 2016 upon its resale, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the actual selling price of the treasury shares resold, the effective gain or interest saving arising and the gain or loss from the disposal.

9. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the approval being obtained from the shareholders of Magna Prima.

10. PUBLIC SHAREHOLDING SPREAD

Pursuant to the Listing Requirements, the Proposed Renewal of Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance of twenty-five (25%) public shareholdings spread. As at LPD, the public shareholding spread of the Company was 44.71%. The Board will endeavor to ensure that the Company complies with the public shareholding spread requirements and shall not buy back the Company's own shares if the purchase would result in the public shareholding spread requirements not being met.

11. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("CODE")

Pursuant to the Code, a person and/or any person acting in concert with him will be required to make a mandatory offer for the remaining shares not already owned by him/them if his and/or their holding of voting shares in a company is increased beyond 33% or, if his and/or their holding of voting shares is more than 33% but less than 50%, his and/or their holding of voting shares is increased by more than 2% in any 6 months period.

The Board takes cognisance of the requirements of the Code and will be mindful of the requirements when making any purchases of shares pursuant to the Proposed Renewal of Share Buy-Back.

MAGNA PRIMA BERHAD
ANNUAL REPORT 2021
SHARE BUY-BACK STATEMENT

12. HISTORICAL SHARE PRICE

The monthly highest and lowest prices of the Company's shares traded on Bursa Securities for the past twelve (12) months are as follows:-

Month	Highest (RM)	Lowest (RM)
<u>2021</u>		
April	0.660	0.550
May	0.730	0.520
June	0.695	0.600
July	0.600	0.530
August	0.570	0.500
September	0.530	0.465
October	0.530	0.475
November	0.480	0.360
December	0.415	0.380
<u>2022</u>		
January	0.480	0.380
February	0.470	0.410
March	0.470	0.385

(Source: shareinvestor.com)

The last transacted price of the Company's Shares as at LPD, was RM0.42.

13. RATIONALE

The Proposed Renewal of Share Buy-Back will enable the Company to utilise its surplus financial resources more effectively. It may also assist in stabilising the supply and demand as well as the market price of its Shares traded on Bursa Securities.

In addition, the Purchased Magna Prima Shares may be held as Treasury Shares and resold on Bursa Securities with the intention of realizing a potential gain without affecting the total number of issued shares of the Company. In the event the Treasury Shares are distributed as share dividends to shareholders, this would serve as a reward to do the shareholders of the Company.

Nevertheless, the Board will be mindful of the interest of Magna Prima and its shareholders in undertaking the Proposed Renewal of Share Buy-Back and in the subsequent cancellation to the Purchased Shares.

14. INTEREST OF DIRECTORS / SUBSTANTIAL SHAREHOLDERS

Save for the proportionate increase in percentage of shareholdings and/or voting rights of shareholders of the Company as a result of the Proposed Renewal of Share Buy-Back, none of the Directors and Substantial Shareholders of the Company and/or persons connected with them have any interests, direct or indirect, in the Proposed Renewal of Share Buy-Back.

15. DIRECTORS' RECOMMENDATION

The Board, after having considered all aspects of the Proposed Renewal of Share Buy-Back and after careful deliberation, is of the opinion that the Proposed Renewal of Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote **IN FAVOUR** of the resolution in relation to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming AGM.



PROXY FORM

CDS Account No.	
No. of Shares Held	

MAGNA PRIMA BERHAD

(369519-P) (199501040315)
(Incorporated in Malaysia)

I/We, _____ (Full Name in Block Letters)

NRIC No. _____ of _____

_____ (Full Address), _____ (Email Address), _____

and (Contact No.) _____, being a member(s) of MAGNA PRIMA BERHAD, hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No.		
Full Address		
Contact No.		
		100%

or failing him/her, CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Twenty Seventh Annual General Meeting ("27th AGM") of Magna Prima Berhad will be held at Ideal Convention Centre - IDCC Shah Alam, Level 7, Jalan Pahat L 15/L, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan on Wednesday, 8 June 2022, at 10.00 a.m. or at any adjournment thereof to vote as indicated below:

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy may vote or abstain at his/her discretion.

Agenda	Ordinary Resolution	For	Against
To approve the payment of Directors' fees up to RM200,000 in respect of the period from 9 June 2022 until the conclusion of the next Annual General Meeting of the Company.	1		
To approve the payment of a meeting attendance allowance of RM500 per meeting to the Non-Executive Directors and leave passage allowance of RM12,000 per annum to the Chairman for the period from 9 June 2022 until the conclusion of the next Annual General Meeting of the Company.	2		
Re-election of Tan Sri Datuk Adzmi Bin Abdul Wahab as Director of the Company	3		
Re-election of Sazali Bin Saad as Director of the Company	4		
Re-election of Dato' Darawati Hussain as Director of the Company	5		
Re-election of Dato' Sri Hj Wan Adnan Bin Wan Mamat as Director of the Company	6		
To appoint HLB Ler Lum Chew PLT as Auditors of the Company, in place of the retiring Auditors, HLB AAC PLT	7		
AS SPECIAL BUSINESS:			
Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016	8		
Proposed Renewal of Share Buy-Back	9		
Retention of Tan Sri Datuk Adzmi Bin Abdul Wahab as an Independent Non-Executive Director of the Company	10		
Retention of Sazali Bin Saad as an Independent Non-Executive Director of the Company	11		



Signature/Common Seal

Date

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/ her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/ her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's Share Registrars Office, Boardroom Share Registrars Sdn Bhd of 11th Floor, Menara Symphony, No. 5, Jalan Prof Khoo Kay Kim, Section 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.
6. For the purpose of determining a member who shall be entitled to attend the 27th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 30 May 2022. Only members whose name appears on the Record of Depositors as at 30 May 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
7. All the resolutions set out in this Notice of Meeting will be put to vote by poll.

COVID-19 Outbreak Measure Notes

The health and safety of our members and staff who will attend the 27th AGM are the top priority of the Company. Hence, the following precautionary measures will be taken for the conduct of the 27th AGM:

- a. *Only fully vaccinated Attendees (referring, in a collective sense, to members / proxies / management personnel / invited guests) ARE ALLOWED to attend the 27th AGM.*
- b. *Members or proxies are encouraged to abide by the most current regulations in place and enforced by the Ministry of Health and Government of Malaysia at the time deciding on whether or not to attend the 27th AGM in person.*
- c. *Members are encouraged to appoint the Chairman of the meeting (or any other person) to act as proxy to attend and vote at the 27th AGM on their behalf by submitting the proxy form with predetermined voting instruction.*
- d. *Members or proxies who are feeling unwell or have been placed on quarantine orders or stay-at-home notices, you are advised to refrain from attending the 27th AGM in person.*
- e. *Members or proxies who had been in physical contact with a person infected with COVID-19 are advised to refrain from attending the 27th AGM in person.*
- f. *In the interest of the public health including the well-being of our members, members must cooperate with the precautionary measures put in place by the Company should members (or your proxies) wish to attend the 27th AGM in person.*
- g. *Members/proxies must sanitise their hands and are strongly advised to wear a face mask if they are attending the meeting in person.*
- h. *Members or proxies are advised to observe/maintain social distancing throughout the meeting.*
- i. *No door gift will be provided to the Members or proxies.*

In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 27th AGM at short notice. Kindly check Bursa Securities' and Company's website at www.magnaprima.com.my for the latest updates on the status of the said meeting.

Fold here to seal

STAMP

The Share Registrar
of

MAGNA PRIMA BERHAD
(369519-P) (199501040315)

11th Floor, Menara Symphony No. 5,
Jalan Prof. Khoo Kay Kim, Seksyen 13,
46200 Petaling Jaya, Selangor

Fold here to seal



MAGNA PRIMA BERHAD

(369519-P) (199501040315)



Lot 4.01, Level 4, IDCC Corporate Tower,
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