


CHAIRMAN’S REFLECTIONS

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Key Highlights of the Year

<p>MARKET CAPITALISATION</p> <p>RM1.3 Billion</p> <p>2021: RM1.6 billion</p>	<p>GROUP REVENUE</p> <p>RM3.2 Billion</p> <p>2021: RM1.4 billion</p>	<p>PROFIT BEFORE TAX</p> <p>RM154 Million</p> <p>2021: RM61 million</p>	<p>DIVIDEND PER SHARE</p> <p>1.00 sen</p> <p>2021: 1.00 sen</p>
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Despite the lingering effects of the pandemic and geopolitical events weighing on the global economy, MRCB managed to stay on course and delivered a solid performance in 2022.

DATUK SERI AMIR HAMZAH AZIZAN
Non-Independent Non-Executive Chairman

Dear Stakeholders,

As the world navigated past the pandemic and geopolitical tensions, one constant remained on everyone’s agenda – addressing the threat of climate change. During the year we continued to give equal importance to our business performance and sustainability efforts, to ensure that all our stakeholders reap benefits from everything we do.

A YEAR OF RECOVERY

The year 2022 has been a challenging year as the lingering effects of the pandemic and geopolitical events such as the Russia-Ukraine conflict continued to weigh on the global economy. Nevertheless, many economies forged ahead with their respective recoveries as movement restrictions were fully lifted in most parts of the world in line with the diminishing threat posed by the pandemic.

In Malaysia, there was almost an immediate impact from the lifting of movement restrictions, resulting in increased consumption and spending. Malaysia’s economy reflected this positive momentum, registering growth of 8.7%, beating forecasts from earlier in the year.

Inflation however rose in 2022 in more advanced economies, feeding through to the rest of the world as commodity prices increased and global supply chains remained strained, partly due to the ongoing Russia-Ukraine conflict. In Malaysia, although consumers had been partially shielded from rising prices due to government subsidies, inflation still affected the populace with headline inflation reaching 3.3% year-on-year in December 2022. Shortages of materials and a tight foreign labour market also persisted and continued to impact the construction industry.

SUSTAINED CLIMATE ACTION



In the year under review, we have witnessed catastrophic disasters all over the world due to extreme weather events such as flooding in Pakistan and Florida in the United States, as well as record-breaking heatwaves in Europe and India.

Domestically, Malaysia saw a repeat of the December 2021 floods that resulted in overall losses of RM6.1 billion. In December 2022, heavy rains once again caused flash floods and landslides across multiple states, displacing over 70,000 people.

Against this setting, MRCB has sustained its climate actions and initiatives, understanding that we can play a part, no matter how small, in contributing to Malaysia’s and by extension the world’s climate change targets. Our continued efforts in adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) resulted in MRCB remaining as a FTSE4Good Bursa Malaysia Index constituent, which it has been in since the index was launched in 2014. Following FTSE Russell’s inclusion criteria changes, the inclusion in 2022 was an important milestone and validated MRCB’s efforts assessing and disclosing the risks and opportunities to its business from climate change, as companies operating in carbon intensive industries or “primary sectors” were required to achieve a minimum score of 3.0 in the climate change segment of the assessment in order to be included in the index, regardless of their overall score. In 2022, we successfully raised our score in the climate change segment from 2.0 to 3.0, and achieved an overall score of 3.2, which was well above the 2.4 score required to remain in the FTSE4Good Bursa Malaysia Index.

While we have a long journey ahead, we are making good progress on the climate action front, and are now positioning ourselves well to meet new Climate Change reporting requirements introduced by Bursa Malaysia under its Enhanced Sustainability Reporting Framework in 2022. Beyond climate action, we have also zeroed in on our labour practices by enhancing our Human Rights Policy in August 2022 to be better aligned with International Labour Organization (ILO) principles.

LEADING THROUGH INNOVATION



At the heart of our value creation and sustainability activities is our proprietary MRCB Building System (MBS) which continues to gain traction given its time-saving, eco-friendly and efficiency characteristics. We continue to market the MBS technology and as of today, we have successfully patented the MBS technology in 11 countries, with patents pending in an additional 19 countries. Patenting our MBS technology will provide us the advantage to license our innovation to other construction

companies, providing us with a new source of revenue, in line with our long-term strategy to diversify our business.

In Malaysia, the development of our MBS show apartment is underway at Kwasa Sentral in conjunction with the upcoming launch of Residensi Tujuh, a 573-unit Kwasa Sentral Plot F residential development in Kwasa Damansara. Residensi Tujuh, with a GDV of RM329 million, will be developed using the MBS technology and will further its acceptance as a mainstream construction method.

GENERATING ECONOMIC VALUE



MRCB continues to contribute to the development of the nation through the construction of important transport infrastructure that will impact the community at large, generating economic value that extends far beyond the economic multiplier from the construction activities itself and the jobs that were created.



Artist’s impression of the Kwasa Sentral project

 **MRCB has remained a constituent of the FTSE4Good Bursa Malaysia Index since its launch in 2014**

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This year, we are pleased that two significant infrastructure projects – the MRT Line 2 Package V210 and the Damansara-Shah Alam Elevated Expressway Package CB2 (DASH) – were completed. DASH benefits over 40 residential areas, providing better connectivity to key destinations and enables commuters to save more than half of their travel time.

Another key achievement in 2022 was the launch of the Ipoh Raya Integrated Park, a first-of-its-kind bespoke six-phased sustainable integrated logistics park in Perak. This development is part of MRCB’s diversification strategy away from the premium commercial and residential high-rise developments into the growing industrial/logistics segment.

SUPPORTING OUR PEOPLE AND
COMMUNITIES



While MRCB has long supported its employees in developing their skills and caring for their welfare, in 2022 we took a more proactive approach in ensuring the safety and well-being of our people. In anticipation of the year-end monsoon season, the MRCB Flood Committee was set up and a “Flood Preparedness Survey” was conducted in November to gather information that could be used to help the Committee plan and mobilise a disaster recovery programme for affected employees. A Flood Volunteer Programme was also set up, in which 35 employees volunteered and prepared to assist flood victims by packing basic necessities, clothes and food.

We also continue to support the local communities in which we operate through various initiatives that aim to improve lives and provide opportunities. In 2022, we



An artist's impression of Residensi Tujuh at Kwasa Sentral that will be developed using MBS modular construction technology

35

employees volunteered in MRCB’s Flood Volunteer Programme

RM0.7
million

contributed to the community

contributed approximately RM0.7 million to the underprivileged in cash and in kind via Yayasan MRCB and through MRCB’s corporate social responsibility initiatives. One such initiative was the collaboration between Yayasan MRCB and Malaysian Relief Agency Perak in organising a three-day Community Engagement Programme with the Orang Asli in Perak. A total of 27 volunteers from MRCB participated in this programme, which included medical check-ups and medication distribution to 200 Orang Asli, as well as a colouring contest and telematch games for the children.

GOOD GOVERNANCE



MRCB has long been a proponent of good corporate governance. In 2022, MRCB introduced several new policies to institutionalise

its ethical business practices. Among these were MRCB’s enhanced Human Rights Policy that addresses, among others, rights at work and freedom of association. While MRCB has always complied with both local and international labour laws, the policy now reflects enhanced principles as to how MRCB safeguards the rights of all persons within its sphere of influence. In ensuring MRCB continues to operate ethically and meet its obligations towards its stakeholders, we also introduced the Director’s Fit and Proper Policy, which outlines key procedures that set out the expectations of new and existing Directors to ensure they possess the integrity and competence required to perform their roles.

We are pleased to announce that in 2022, we implemented two (2) additional Practices from the Malaysian Code of Corporate Governance 2021 (MCCG 2021), resulting in MRCB complying with 41 out of 43 Practices (from 39 in 2021) and three (3) of the five (5) optional Step-Up Practices. The additional two (2) Practices

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are Practice 5.7, in which appointments and reappointments of a Director are substantiated by a statement by the Board; and Practice 7.1, in which the Board of Directors and Senior Management Remuneration Policy was reviewed and amended to better capture the Board members’ and Senior Management’s scope of responsibilities.

Our efforts to improve on our corporate governance practices and disclosures continues to be validated, both locally and internationally. At the 2021 Minority Shareholders Watch Group-ASEAN Corporate Governance Awards held in 2022, MRCB was ranked 2nd out of the 864 companies assessed and awarded the Excellence Award, and was ranked 1st in the Industry Excellence Award for the Property Sector. We also won the coveted Platinum Award for Companies with Less than RM2 Billion in Market Capitalisation at the Malaysian Institute of Accountants National Annual Corporate Report Awards (NACRA) 2022. Adjudicated by a panel consisting of representatives from Bursa Malaysia, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA), the win marks MRCB’s exceptional disclosure practices and the quality of reporting for its financial and non-financial information. We also won our fourth Gold Award at the 2022 Australasian Reporting Awards and were ranked 1st for Transparency at The Star/FIABCI Malaysia Developer Awards 2022.

ACKNOWLEDGEMENTS

It is with deep sadness that we lost our dear Chairman, Tan Sri Azlan Zainol. He was not only a visionary leader who led with integrity and passion, but a mentor to many. The Board of Directors was privileged to have worked alongside him and will sorely miss his presence and wisdom.

On behalf of the Board of Directors, I would like to extend our appreciation to our employees for their faithful support and hard work. I would also like to thank the authorities, relevant Ministries and regulators for their belief in MRCB. To our shareholders, customers and business partners, thank you for your loyalty and continued trust as we look ahead in 2023.

To my fellow Board members, your support and insights have provided the Group and its Management with the fortitude to navigate the challenges we faced in the last few years. We are also grateful to the Group Managing Director, Encik Imran Salim and his Senior Management team for a stronger year.

Datuk Seri Amir Hamzah Azizan
Non-Independent Non-Executive Chairman